

आयकर अपीलीय अधिकरण, हैदराबाद पीठ
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad 'A' Bench, Hyderabad
श्री रवीश सूद, माननीय न्यायिक सदस्य एवं श्री मधुसूदन सावडिया, माननीय लेखा सदस्य
SHRI RAVISH SOOD, HON'BLE JUDICIAL MEMBER
AND
SHRI MADHUSUDAN SAWDIA, HON'BLE ACCOUNTANT MEMBER

आयकरअपीलसं./I.T.A. No.1631/Hyd/2025
(निर्धारणवर्ष/ Assessment Year: 2017-18)

SRI DURGA AUTO MOTIVES Kadapa. PAN: ABIFS2087E	VS.	DCIT, Circle-1, Nellore.
(अपीलार्थी/ Appellant)		(प्रत्यर्थी/ Respondent)

करदाताकाप्रतिनिधित्व/ Assessee Represented by	:	Shri AV Raghuram, Advocate
राजस्वकाप्रतिनिधित्व/ Department Represented by	:	Shri D Praveen, Sr. AR
सुनवाईसमाप्तहोनेकीतिथि/ Date of Conclusion of Hearing	:	24/03/2026
घोषणा की तारीख/ Date of Pronouncement	:	27/03/2026

ORDER

PER RAVISH SOOD, JM:

The present appeal filed by the assessee firm is directed against the order passed by the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi, dated 19/09/2025, 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 23/05/2023 for the Assessment

Year (AY) 2017-18. The assessee firm has assailed the impugned order

of the CIT(A) on the following grounds of appeal:

1. On the facts and in the circumstances of the case, the order of the Ld. CIT(A) is erroneous both on facts and in law, and is passed in gross violations of principles of natural justice.

2. The Ld. CIT(A) erred in dismissing the appeal on the ground of delay in filing the appeal by observing that the appellant has not explained, the 'sufficient cause' for the delay in filing the appeal.

3. The Ld. CIT(A) failed to appreciate that the appellant has filed affidavit explaining the reasons for delay in filing the appeal and that the delay in filing the appeal is neither intentional nor deliberate but occurred due to bona fide and unavoidable circumstances, which is beyond the control of the appellant, which constitute "sufficient cause" within the meaning of law.

4. The Ld. CIT(A) failed to appreciate that the appellant has excellent case on merits and ought to have condoned the delay, admit the appeal and adjudicate the appeal on merits, instead of dismissing the same on the ground of delay.

5. Any other ground that may be urged at the time of hearing."

2. Succinctly stated, the AO based on information, viz., (i) that the assessee firm during the demonetization period, i.e., 09/11/2016 to 30/11/2016 had carried out substantial cash transactions of Rs.33.46 lakhs; and (ii) that the assessee firm after the demonetization period had carried out high value cash deposits in its bank accounts, which transactions were not commensurate to its returned income of Rs.51,41,141/-, initiated proceedings under section 147 of the Act.

3. Thereafter, the AO passed an order under section 148A(d) of the Act, 29/06/2022. Notice under section 148 of the Act, dated 30/06/2022, was issued to the assessee firm.

4. During the course of the assessment proceedings, the AO observed that the assessee firm had, during the subject year, carried out cash transactions during the demonetization period, i.e., 09/11/2016 to 30/11/2016 aggregating to Rs. 33,46,000/-. As the assessee firm had failed to come forth with any explanation regarding the source of the cash deposits, the AO held the entire amount as having been sourced out of its unexplained money under section 69A of the Act. Thereafter, the AO, vide his order passed under section 147 r.w.s 144 r.w.s 144B of the Act, dated 23/05/2023, determined the income of the assessee firm at Rs. 84,97,141/-.

5. Aggrieved, the assessee firm carried the matter in appeal before the CIT(A). As the appeal filed by the assessee firm involved a delay of 148 days, the CIT(A), not finding favour with its explanation regarding the reason leading to the delay, declined to admit the appeal and dismissed the same in *limine*.

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

7. We have heard the Learned Authorized Representatives of both parties, perused the orders of the lower authorities, and considered the material available on record.

8. Shri AV Raghuram, Advocate, Learned Authorized Representative (for short, "Ld. AR") for the assessee firm, at the threshold of hearing of the appeal, submitted that the CIT(A) had without considering its explanation regarding the reason leading to the delay in filing of the appeal in the right perspective, grossly erred in law and facts of the case by most arbitrarily dismissing the same on the ground of limitation. Elaborating on his explanation, the Ld. AR submitted that the AO had initially issued to the assessee firm a notice under section 148 of the Act, dated 16/04/2021. The Ld. AR submitted that the assessee firm, on being queried by the AO about the source of the cash deposits made in its bank account during the demonetization period, vide notices issued under section 142(1) of the Act, dated 10/01/2023, had furnished its reply. Elaborating further, the Ld. AR submitted that thereafter, the assessee firm was not in receipt of any notices. The Ld. AR submitted that the AO had, pursuant to the judgment of the Hon'ble Supreme Court in the case of Union of India & Ors. v. Ashish Agarwal (2022), dated 04/05/2022, issued notice under section 148 of the Act, dated 30/06/2022. The Ld. AR submitted that the assessee firm had remained unaware of the aforesaid fresh proceedings initiated by the AO and was under a bona fide belief that its reply to the notice issued under section 142(1) of the Act, dated 10/01/2023, had been accepted by the department. Carrying his contention further, the Ld. AR submitted that the assessee firm had

gathered about the impugned assessment order passed by the AO under section 147 r.w.s 144 r.w.s 144B of the Act, dated 23/05/2023, only when a notice dated 07/11/2023, was received from the Jurisdictional Assessing Officer (JAO), wherein it was called upon to deposit the demand arising from the assessment framed in its case for AY 2017-18. The Ld. AR submitted that the partner of the assessee firm had, thereafter, immediately approached his Chartered Accountant, who retrieved the assessment order from the Income Tax portal. The Ld. AR submitted that thereafter, the assessee firm, as per the advice of his Chartered Accountant, filed the appeal before the CIT(A) on 17/11/2023, which, by the time involved delay of 148 days. The Ld. AR submitted that as the delay involved in filing the appeal before the CIT(A) had crept in because of bona fide reason and not on account of any lackadaisical approach on the part of the assessee firm, therefore, he, in all fairness and in the interest of justice, ought to have condoned the same. The Ld. AR submitted that the matter, in all fairness, be set aside to the file of the CIT(A) with a direction to condone the delay and dispose of the appeal on merits.

9. Per contra, Shri D. Praveen, Learned Senior Departmental Representative (for short, "Ld. Sr-DR"), relied upon the orders of the authorities below. The Ld. Sr-DR submitted that not only the assessee firm had delayed the filing of the appeal before the CIT(A), but was also visited with an ex-parte order under section 144 of the Act. The Ld. Sr-

DR submitted that as the CIT(A) had rightly declined to admit the appeal, therefore, the present appeal filed by the assessee firm, being devoid and bereft of any substance, is liable to be dismissed.

10. We have given thoughtful consideration to the contentions advanced by the Learned Authorized Representatives of both parties in the backdrop of the orders of the authorities below.

11. Admittedly, it is a matter of fact borne from the record that the assessee had delayed the filing of the appeal before the CIT(A) by 148 days. However, on a perusal of the "affidavit" dated 22/07/2024 that was filed by Shri Sudha Mallikarjuna Rao, partner of the assessee firm with the CIT(A), explaining the reasons leading to the aforesaid delay in filing the appeal read in the backdrop of the screenshots of the e-proceedings in the case of the assessee firm, Page Nos.6-9 of APB, we find substance in the Ld. AR's contention that as the assessee firm had remained unaware of the assessment framed in its case vide the order passed under section 147 r.w.s 144 r.w.s 144B of the Act, dated 23/05/2023, therefore, for the said bona fide reason, there was a delay in filing the appeal before the CIT(A) by 148 days. In our view, the CIT(A) ought to have taken a liberal view and, after considering the totality of the facts leading to the delay in filing the appeal, condoned the delay therein involved and disposed the appeal on merits. Our aforesaid view is supported by the recent decision of the **Hon'ble**

Supreme Court in the case of **Vidya Shankar Jaiswal vs. The Income Tax Officer, Ward-2, Ambikapur in Special Leave Petition (Civil) Nos. 26310-26311/2024, dated 31st January, 2025**. The Hon'ble Apex Court, while setting aside the order of the Hon'ble High Court of Chhattisgarh, which had approved the declining of the condonation of the delay of 166 days by the Income-Tax Appellate Tribunal, Raipur Bench, had observed, that a justice-oriented and liberal approach should be adopted while considering the application filed by an appellant seeking condonation of the delay involved in filing the appeal

12. We thus, in terms of our aforesaid deliberations, restore the matter to the file of the CIT(A) with a direction to condone the delay and dispose of the appeal on the specific grounds based on which the impugned assessment order has been assailed before him.

13. Resultantly, the appeal filed by the assessee firm is allowed for statistical purposes in terms of our aforesaid observations.

Order pronounced in the open court on 27th March, 2026.

<p>Sd/- (मधुसूदन सावडिया) (MADHUSUDAN SAWDIA) लेखासदस्य/ACCOUNTANT MEMBER</p>	<p>Sd/- (रवीश सूद) (RAVISH SOOD) न्यायिकसदस्य/JUDICIAL MEMBER</p>
--	--

Hyderabad, dated 27/03/2026.
OKK/sps

आदेशकीप्रतिलिपिअग्रेषित/ Copy of the order forwarded to:-

1.	निर्धारित/ The Assessee	:	SRI DURGA AUTO MOTIVES 8-325B, Almospet, Kadapa, Andhra Pradesh, Kadapa Andhra Pradesh-516001
2.	राजस्व/ The Revenue	:	DCIT, Circle-1, Nellore Income Tax Office, 24-2-438, First Floor, GT Road, Nellore, Nellore, Andhra Pradesh-524001
3.	The Principal Commissioner of Income Tax, Tirupati.		
4.	विभागीयप्रतिनिधि, आयकरअपीलीयअधिकरण /DR,ITAT, Hyderabad.		
5.	The Commissioner of Income Tax		
6.	गार्डफाईल / Guard file		

आदेशानुसार / BY ORDER

Sr. Private Secretary
ITAT, Hyderabad.