

**IN THE INCOME TAX APPELLATE TRIBUNAL
“SMC”BENCH: BANGALORE**

**BEFORE SHRI WASEEM AHMED, ACCOUNTANT MEMBER
AND
SHRI KESHAV DUBEY, JUDICIAL MEMBER**

ITA No. 2209/Bang/2025
Assessment Year : 2023-24

Mr. Abhinandan Shanthinath Saligrama #156, 6 th Cross Gokulam 3 rd Stage Gokulam Mysore 570 002 Karnataka PAN NO :CWNPS8645A	Vs.	DCIT Circle 1(1) & TPS Mysore
APPELLANT		RESPONDENT

Appellant by	:	Sri Narendra Sharma, A.R.
Respondent by	:	Sri Ganesh R Ghale, D.R.

Date of Hearing	:	24.02.2026
Date of Pronouncement	:	30.03.2026

O R D E R

PER KESHAV DUBEY, JUDICIAL MEMBER:

This appeal at the instance of the assessee is directed against the order of Id. CIT(A)/NFAC dated 22.9.2025 vide DIN & Order No. ITBA/NFAC/S/250/2025-26/1081006474(1) passed u/s 250 of the Income Tax Act, 1961 (in short “ the Act”) for the AY 2023-24.

2. The assessee has raised the following grounds of appeal:-

1. The orders of the authorities below in so far as they are against the appellant are opposed to law, equity, weight of evidence, probabilities, facts and circumstances of the case.

2. The learned CIT[A] is not justified in disposing off the appeal ex-parte without giving fair and reasonable opportunity especially when the original assessment order was passed u/s. 144 of the Act, under the facts and in the circumstances of the appellant's case.

3. The learned CIT[A] is not justified in upholding the completion of the assessment u/s.144 of the Act, by the learned A.O. who completed the assessment without allowing the appellant a fair opportunity of being heard under the facts and in the circumstances of the appellant's case.

4. The learned CIT[A] erred in sustaining the addition made of Rs. 18,55,163/- being the difference between credits in the bank account and credits towards, interest income, salary income and inter-bank transfer as unexplained money u/s.

69A rws 115BBE of the Act under the facts and in the circumstances of the appellant's case.

6. Without prejudice to the right to seek waiver with the Hon'ble CCIT/DG, the appellant denies himself liable to be charged to interest u/s. 234-B and 234-C of the Act, under the facts and in the circumstances of the appellant's case.

7. For the above and other grounds that may be urged at the time of hearing of the appeal, your appellant humbly prays that the appeal may be allowed and Justice rendered and the appellant may be awarded costs in prosecuting the appeal and also order for the refund of the institution fees as part of the costs.

3. Brief facts of the case are that the assessee filed his return of income on 29/07/2023 declaring total income of Rs.17,51,110/-. The said return was processed u/s. 143(1) of the Act on 15/07/2023 by accepting the returned income. Subsequently, the case was selected for Scrutiny for the following reason:-

“Claim of refund coupled with selection in return risk rule of high risk refund and JAO marked the case as further risk assessment required”.

3.1 Accordingly, the notice u/s. 143(2) of the Act and notices u/s. 142(1) of the Act along with the show cause notices and additional show cause notice were issued to the assessee calling for the various details. The assessee however did not submit any response before the AO. The AO was of the view that the assessee despite providing sufficient number of opportunities and time afforded did not bother to respond and accordingly left with no option but to frame assessment as an ex-parte u/s. 144 of the Act.

3.2 During the course of assessment proceedings, the AO after analyzing the bank statements provided by the different banks namely Axis Bank, HDFC Bank, Standard Chartered Bank, Bank of Baroda, ICICI Bank u/s 133(6) of the Act, noticed that the bank accounts of the assessee was credited with the huge amount during the year. Further, AO after carefully examine the bank accounts found that the assessee had also transfers funds within his own accounts and therefore taking into considerations all these, an amount of Rs.18,55,163/- only was determined by the AO to be remain unexplained in terms of section 69A of the Act as the assessee had completely failed to bring on record the nature and source of money.

3.3 Further, as the assessee remain non-responsive during the entire course of assessment proceedings, the information was also called for u/s. 133(6) of the Act from the employer of the assessee. The AO noticed that the assessee had opted for new tax regime before the employer for the calculation of TDS however, while filing the return of income u/s. 139(1) of the Act, the assessee chosen old tax regime and claimed deduction under Chapter-VIA of the Act amounting to Rs.4,75,000/- and claimed refund of Rs.2,08,020/-. The assessee after receiving notice u/s. 143(2) of the Act dated 19/06/2024 immediately updated his return of income on 25/06/2024 by revising his particulars of income as well as deduction under Chapter-VIA of the Act and paid the balance tax of Rs.38,650/- u/s. 140B of the Act after availing credit of TDS amounting to Rs.5,59,370/-. The AO after considering the original return as well as updated return filed by the assessee had added the difference of salary declared amounting to Rs.4,34,400/- (25,89,613 – 21,55,213) as income from salary.

3.4 Further, as the assessee had also updated his claim of deduction under Chapter-VIA of the Act from the original claim of Rs.4,50,000/- to Rs.1,50,000/- and also failed to produce any documentary evidence in respect of deduction claimed, also disallowed Rs.3,00,000/- and added back to the retuned income of the assessee. Thus, the AO completed the assessment proceedings u/s. 144 of the Act on a total assessed income of Rs.43,40,673/- by making total additions of Rs.25,89,163/-.

4. Aggrieved by the assessment order passed u/s. 144 of the Act dated 11/02/2025, the assessee preferred an appeal before the Id.CIT(A)/NFAC.

5. The Id.CIT(A)/NFAC dismissed the appeal of the assessee by holding that despite providing 5 nos of opportunities, no written submissions in support of grounds of appeal had been uploaded by assessee. No details, documents or submission had been provided to come to any conclusion other than those arrived at by the AO. Thus, nothing has been placed on record to substantiate as to why the additions made by AO should not be sustain. In view of the above, the Id.CIT(A)/NFAC held that the AO had passed a detailed, reasoned and speaking order considering all the facts and circumstances of the case.

6. Aggrieved by the order of the Id.CIT(A)/NFAC dated 22/09/2025, the assessee has filed the present appeal before this Tribunal.

7. Before us, the Id. A.R. of the assessee vehemently submitted that the assessee is a salaried employee working with Standard Chartered Global Business Services Pvt Ltd and derived salary income and income from other sources. Further, the Id. AR submitted that the assessee had already updated his return of income and accordingly withdrawn his claim of HRA and LTC and also corrected the error in deduction claimed from salary amounting to Rs.4,34,400/-. Further, the assessee had also restricted the deduction claimed under Chapter-VIA to Rs.1,52,065/- under chapter VIA of the Act as against the original claimed of Rs.4,50,000/-. The Id. A.R. also submitted that the AO had also made an addition based on certain credit/cash entries found in the bank account which is nothing but from the proceeds of assessee's wife business. Lastly, the Id. A.R. prayed that since the assessee could not represent his case before both the authorities below, one more opportunity may be granted before the

AO to substantiate his claim. The A.R. also undertakes to make necessary compliances before the AO.

8. The Id. D.R. on the other hand supported the order of authorities below and vehemently submitted that assessee is very callous in his approach before both the authorities below and did not furnish any documents/ evidences despite providing several opportunities by both the Authorities and prayed to dismiss the appeal of the assessee in limine.

9. We have heard the rival submissions and perused the material available on record. The assessee in the present case is employed with Standard Chartered Global Business Services Pvt Ltd and derived income from salary and income from other sources. Undisputedly, the assessee initially filed his return of income on 29/07/2023 by claiming false deductions/ exemptions from salary towards HRA and LTC amounting to Rs.4,34,400/-. Further, we noticed that the assessee had also claimed false deduction of Rs.4,50,000/- under Chapter-VIA in order to get the refund of Rs.2,08,020/- along with the interest u/s 244A thereon. We observed that the assessee soon after receiving the notice u/s. 143(2) of the Act on 19/06/2024 filed another return of income on 25/06/2024 by reporting true & correct income of Rs.24,83,733/- and discharged his tax liability u/s. 140B of the Act amounting to Rs.38,650/- after taking TDS credit of Rs.5,59,370/- & claimed the same to be updated return as per the provisions contained in section 139(8A) of the Act. We also observed that the assessee in his so called updated return had withdrawn the claim of HRA and LTC and corrected the false deduction claimed from salary amounting to Rs.4,34,400/-. Further, the assessee had restricted the deduction claimed under Chapter-VIA of the Act to Rs.1,50,000/- u/s. 80C and Rs.2,065/- u/s. 80TTA of the Act

against the false claimed of Rs.4,50,000/- in the original return of income. In view of the above, we are of the considered opinion that as the assessee had already accepted and declared the true & correct net taxable income in the so called updated return and paid the legitimate taxes on or before the completion of the assessment proceedings, the additions of Rs.4,34,400/- and Rs.3,00,000/- as made by the AO to the original returned income of Rs. 17,51,110/- are hereby confirmed. We find no fault with the AO especially when as per the 3rd proviso to section 139(8A) of the Act, no updated return shall be furnished by any person for the relevant assessment year where any proceedings for assessment or reassessment or recomputation or revision of income under this Act **is pending** or has been completed for the relevant assessment year. In the present case, undisputedly the assessee had claimed to have updated his return only during the pendency of the assessment proceedings & therefore the same is invalid & accordingly the AO had rightly added the same to the returned income filed u/s 139(1) of the Act while concluding the assessment proceedings. However, for the limited purposes of verifying the deduction of Rs. 1,50,000/- finally claimed u/s 80C of the Act, we remit this issue to the file of AO with a direction to obtain the proof of the claims of deduction from the assessee & grant the same only after due verification as per law. Further, we also direct the AO, to give credit of prepaid taxes paid u/s 140B of the Act while calculating the final tax & interest amount payable by the assessee.

9.1 Now with regard to the additions made by the AO amounting to Rs.18,55,163/- based on the credit entries found in the bank accounts of the assessee u/s. 69A of the Act, the AR of the assessee before us contended that the credits in the bank accounts were only from the proceeds of the business carried on by the wife of the assessee. We are of the considered opinion that undisputedly the

assessee could not represent his case before both the authorities below. Before us, the Id. AR of the assessee also undertakes to submit all the relevant details/record/information before the AO. This being so, in the interest of justice, equity & fair play and as requested by the AR of the assessee, we deemed it fit and proper to remit this issue to the file of AO to decide a fresh in accordance with law. Needless to say, a reasonable opportunity of being heard must be granted to the assessee. The assessee is also directed to produce evidences/ information/details with regard to assessee's wife business in order to substantiate his claim. We make it clear that in case of further default, the assessee shall not be entitled for any leniency. It is ordered accordingly.

10. In the result, the appeal filed by the assessee is partly allowed for the statistical purposes.

Order pronounced in the open court on 30th Mar, 2026

Sd/-
(Waseem Ahmed)
Accountant Member

Sd/-
(Keshav Dubey)
Judicial Member

Bangalore,
Dated 30th Mar, 2026.
VG/SPS

Copy to:

1. The Applicant
2. The Respondent
3. The CIT
4. The DR, ITAT, Bangalore.
5. Guard file

By order

Asst. Registrar,
ITAT, Bangalore.