

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“A” BENCH, AHMEDABAD**

**BEFORE SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER  
& SHRI NARENDRA PRASAD SINHA, ACCOUNTANT MEMBER**

I.T.A. No.2334/Ahd/2025  
(Assessment Year: 2018-19)

Income Tax Officer (Exemption), Ward-1, Ahmedabad	Vs.	Acharya Shri Vijay Surendra Surishwarji Jain Tatwa Gyan Shala, Sambhav Nathni Khadki, Jhaveri Vad Relief Road, Ahmedabad-380013
[PAN No.AAATA2639R]		
(Appellant)	..	(Respondent)

<b>Appellant by :</b>	None
<b>Respondent by:</b>	Shri C Dharnidas V. S., Sr. DR

<b>Date of Hearing</b>	12.03.2026
<b>Date of Pronouncement</b>	21.04.2026

ORDER

**PER SIDDHARTHA NAUTIYAL - JUDICIAL MEMBER:**

This appeal has been filed by the Department against the order passed by the Ld. Commissioner of Income Tax (Appeals), (in short “Ld. CIT(A)”), National Faceless Appeal Centre (in short “NFAC”), Delhi vide order dated 04.09.2025 passed for A.Y. 2018-19.

2. The Department has taken the following grounds of appeal:

“1. Whether on the facts and in circumstances of the case, Ld. CIT(A), NFAC is justified in deleting the addition of Rs. 1,83,90,309/- as Unexplained Money u/s. 69A of the Act for the year under consideration.

2. Whether on the facts and in circumstances of the case, Ld. CIT(A), NFAC is justified in quashing the Assessment Order for the year under consideration.”

3. The brief facts of the case are that the assessee is a public charitable trust registered under section 12A of the Income-tax Act, 1961 ("the Act"). For the assessment year 2018-19, the assessee did not file its return of income under section 139(1) of the Act. Based on information available on the Insight Portal, the Assessing Officer noticed that the assessee had made time deposits aggregating to Rs.1,43,42,481/- and had earned interest income of Rs.40,47,828/- during the relevant previous year. Accordingly, the case was reopened and notices under section 142(1) of the Act were issued on various dates asking for details of bank accounts, deposits and their sources. Despite multiple opportunities granted vide notices dated 27.09.2022, 27.10.2022, 22.11.2022, 09.12.2022 and 12.01.2023, there was no compliance on the part of the assessee. In the absence of any explanation or supporting evidence, the Assessing Officer proceeded to complete the assessment ex parte under section 147 read with section 144 of the Act and treated the entire amount of time deposits and interest income aggregating to Rs.1,83,90,310/- as unexplained money under section 69A of the Act. The total income was accordingly assessed at Rs.1,83,90,310/-.

4. Aggrieved by the assessment order, the assessee preferred an appeal before the CIT(Appeals) with a delay, which was explained on the ground that the assessee was not aware of the assessment proceedings due to e-proceedings and communication gaps and that no effective notice or order came to its knowledge until receipt of demand notice. Considering the explanation and in the interest of justice, the CIT(Appeals) condoned the delay in filing of appeal.

5. At the appellate stage before the CIT(A), the assessee placed various evidences on record explaining both the time deposits as well as the interest income. The evidences included detailed bank statements, ledger accounts of fixed deposits, interest income accounts and reconciliation with Form 26AS. These documents demonstrated that the deposits were not unexplained but were duly recorded in the books of account of the trust and represented application and accumulation of funds in the ordinary course of its activities.

6. The CIT(Appeals), in order to verify the correctness of the evidences, called for a remand report from the Assessing Officer. However, in the remand proceedings, the Assessing Officer failed to examine the additional evidences and merely reiterated the findings given in the ex parte assessment order, primarily reiterating the earlier non-compliance of the assessee rather than addressing the merits of the documents furnished.

7. On careful consideration of the evidences, remand report and rejoinder of the assessee, the CIT(Appeals) recorded detailed findings on merits. The CIT(A) observed that the fixed deposits reflected in the bank statements and ledger accounts were fully accounted for in the books and there was no material to suggest that these represented unexplained investments. In fact, the CIT(Appeals) noted that the total investments in fixed deposits as per the books were to the extent of Rs.3,21,55,000/-, which were properly recorded, whereas the Assessing Officer had made addition only on the basis of partial and unverified information of Rs.1,43,42,481/- available on the portal. This itself showed that the Assessing Officer had proceeded on incomplete and incorrect facts without proper verification.

8. Similarly, with regard to interest income, the CIT(Appeals) examined the ledger accounts and Form 26AS and found that the assessee had accounted for interest income of Rs.36,46,692/-, which substantially reconciled with the information available with the Department. The difference between the amount considered by the Assessing Officer and that reflected in the books was found to be marginal and duly explainable. Thus, the entire addition of interest income as unexplained was held to be factually incorrect.

9. The CIT(Appeals) further held that the addition under section 69A of the Act cannot be made merely on the basis of non-filing of return or non-compliance during assessment proceedings, especially when the assessee subsequently had furnished complete evidences explaining the nature and source of the deposits. The CIT(A) held that once the assessee discharges the primary onus by furnishing documentary evidences, the burden shifts on the Assessing Officer to rebut the same with cogent material, which was not done in the present case.

10. The CIT(Appeals) also observed was that the Assessing Officer, even at the remand stage, did not undertake any independent verification of the bank statements or ledger accounts and failed to point out any specific defect or discrepancy in the evidences furnished. Instead, the remand report was confined to reiteration of the ex parte assessment, which could not be sustained in law when detailed evidences were available on record.

11. Accordingly, the CIT(Appeals) held on merits that the time deposits were duly explained and recorded in the books of account and the interest income was also substantially reconciled with Form 26AS. Therefore, the addition of Rs.1,83,90,310/- made under section 69A of the Act was held to be unsustainable and liable to be deleted.

12. Apart from the merits, the CIT(Appeals) also examined the validity of reassessment proceedings and held that the notices under section 148 and order under section 148A(d) were issued by the Jurisdictional Assessing Officer in violation of the faceless scheme prescribed under section 151A of the Act, thereby rendering the entire reassessment proceedings invalid. However, even independent of this legal issue, the CIT(Appeals) clearly held that on merits itself, the addition could not survive.

13. In view of these findings, the CIT(Appeals) allowed the appeal of the assessee, quashed the assessment order and deleted the addition, holding that both on facts and in law, the assessment framed by the Assessing Officer was unsustainable.

14. The Department is in appeal before us against the order passed by CIT(Appeals) dismissing the appeal of the assessee.

15. The undisputed facts of the case are that the assessment proceedings were initiated only on the basis that the assessee had not filed its return of income for the year under consideration, though information was available on the Insight Portal that the assessee had made time deposits aggregating to Rs.1,43,42,481/- and had earned interest income of Rs.40,47,828/-. In the

absence of compliance during assessment proceedings, the Assessing Officer proceeded to frame the assessment ex parte under section 147 read with section 144 of the Act and treated the entire amount of time deposits and interest income aggregating to Rs.1,83,90,310/- as unexplained money under section 69A of the Act.

16. During the appellate proceedings before the Ld. CIT(Appeals), the assessee furnished complete details in support of the time deposits and interest income viz. bank statements, ledger accounts and reconciliation with Form 26AS. The Ld. CIT(Appeals) after calling for a remand report from the Assessing Officer and after considering the material placed on record, recorded a categorical finding that the investments in fixed deposits were duly reflected in the books and bank statements and stood fully explained. It was further observed that the interest income as per books substantially reconciled with Form 26AS and the difference was only marginal. The Ld. CIT(Appeals) also noted that the Assessing Officer, even in remand proceedings, failed to examine the evidences and merely reiterated the ex parte assessment order. On these facts, the Ld. CIT(Appeals) deleted the addition made under section 69A of the Act on merits.

17. We find that the approach adopted by the Assessing Officer in making addition of the entire time deposits and interest income merely on the basis of non-filing of return of income and absence of compliance, without bringing any material on record to establish that the deposits represented unexplained money, is not sustainable in law. It is well settled that addition under section 69A of the Act can be made only when the assessee is found to

be the owner of unexplained money and fails to offer a satisfactory explanation regarding the nature and source thereof. Once the assessee furnishes evidences explaining the source of deposits, the burden shifts to the Assessing Officer to rebut the same with credible material.

18. The Hon'ble Supreme Court in the case of **CIT vs. Orissa Corporation Pvt. Ltd. [1986] 159 ITR 78 (SC) / [1986] 25 Taxman 80 (SC)** has held that where the assessee has furnished basic evidences, the onus shifts to the Department and no addition can be sustained merely on suspicion. Similarly, in **CIT vs. Daulat Ram Rawatmull [1973] 87 ITR 349 (SC)**, the Hon'ble Apex Court held that the onus to prove that a particular receipt is income lies on the Revenue. Further, the Hon'ble Supreme Court in **Umacharan Shaw & Bros. vs. CIT [1959] 37 ITR 271 (SC)** has held that suspicion, however strong, cannot take the place of proof. The Hon'ble Gujarat High Court in **CIT vs. Rohini Builders [2002] 256 ITR 360 (Gujarat) / [2002] 122 Taxman 437 (Gujarat)** has held that once the assessee has furnished complete details along with supporting evidences, no addition can be made without bringing contrary material on record. Similarly, the Hon'ble Delhi High Court in **CIT vs. Kamdhenu Steel & Alloys Ltd. [2012] 206 Taxman 254 (Delhi) / [2012] 361 ITR 220 (Delhi)** has held that addition cannot be sustained merely on the basis of non-compliance when evidences are subsequently furnished and remain uncontroverted.

19. In the present case, the Ld. CIT(Appeals) has recorded a finding of fact, based on examination of evidences and remand report, that the time deposits have been explained. But, in so far as interest income is concerned,

the same has not been fully explained. In our considered view, this issue requires verification at the level of the Assessing Officer and accordingly, this issue is restored to the file of Assessing Officer for carrying out necessary verification and thereafter, passing appropriate orders in accordance with law.

20. In the result, the appeal filed by the Department is partly allowed.

**This Order is pronounced in the Open Court on 21/04/2026**

Sd/-  
**(NARENDRA P. SINHA)**  
**ACCOUNTANT MEMBER**

Ahmedabad; Dated 21/04/2026

TANMAY, Sr. PS

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आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त(अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt.Registrar)  
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad