

आयकर अपीलीय अधिकरण, चण्डीगढ़ न्यायपीठ "ए", चण्डीगढ़
IN THE INCOME TAX APPELLATE TRIBUNAL, CHANDIGARH BENCH "A", CHANDIGARH

HEARING THROUGH: PHYSICAL MODE

श्री ललित कुमार, न्यायिक सदस्य एवं श्री कृणवन्त सहाय, लेखा सदस्य
BEFORE: SHRI. LALIET KUMAR, JM & SHRI. KRINWANT SAHAY, AM

आयकर अपील सं. / ITA No. 489/Chd/ 2025

निर्धारण वर्ष / Assessment Year : 2017-18

Chaman Lal Village Takoli, PO: Panarasa, Mandi, Himachal Pradesh, 175121	बनाम	The ITO Mandi, Himachal Pradesh
स्थायी लेखा सं. / PAN NO: AFOPL8940B		
अपीलार्थी/Appellant		प्रत्यर्थी/Respondent

निर्धारिती की ओर से/Assessee by : Shri Rohit Kumar, ITP

राजस्व की ओर से/ Revenue by : Shri Vivek Vardhan, Addl. CIT, Sr. DR

सुनवाई की तारीख/Date of Hearing : 16/12/2025

उद्घोषणा की तारीख/Date of Pronouncement : 06/01/2026

आदेश/Order

PER KRINWANT SAHAY, A.M:

This is an appeal filed by the Assessee against the order of the Ld. CIT(A)/NFAC, Delhi dt. 04/02/2025 pertaining to Assessment Year 2017-18.

2. In the present appeal Assessee has raised the following grounds:

1. Apologizing me for not attended the assessment Proceedings Due to illness I am not able to attend the online proceedings and not in a position to provide additional documents before the National Faceless Appeals Centre-Commissioner of Income tax (Appeals) and the appeal is dismissed and stated that in the absence of any document/ evidence, no separate reasons needs to be recorded by the appellate authority for affirming the order of A.O. and decided that "It is evident that the appellant during the assessment as well as appellate proceedings failed to furnish documentary evidences/ proper explanation in support of his contention, so in view of aforesaid facts hence the action taken by AO appears to be in order and the addition made by the AO of Rs. 1,77,13,900/- u/s 69A of the act "Kindly consider my ill health situations and accept my ITAT appeal application.

2. I am not agreed with assessment Order made by assessing officer. Demand Calculated by AO is prejudicial to me and if appeal is not allowed to be proceeded it amounting to against the law. I have valid reason for appeal against order as I am not heard properly because as a rustic villager, under matriculate only and also not savy in handling email or SMS and as such was totally dependent on the services of his accountant I am not able

to attend the assessment procedure. I am ready to produce evidence to explain myself. Sources of Cash deposited in banks during the the financial Year 2016-17 was the agriculture receipts from agriculture produced During the F.Y. 2016.17. I am genuine in the eyes of law and followed valid procedure. even I am sick and hospitalized several times for diagnose of Kidney problem. I was not able to attend and given reply of notices issued by your office. Kindly consider the facts and accept ground of appeal.

3. The AO was not justifying for applying under section 69A of act for the trade and other exempt receipts in the Bank accounts since these receipts are pertained to Trading / Agriculture sale Receipts and their sources are well equipped with relevant substantial evidences, hence section 69A is unjust and against the principles of natural justice I had cash credit and otherwise in my bank accounts pertain to my Trading /Agriculture sales receipts. Applying provisions of section 44AD of the IT ACT, my net Taxable income was below threshold limit. I got surprised when I received order of assessment and demand notice. Since I was prevented by sufficient cause from producing these evidences before the learned assessing officer, or the Ld. AO has not conducted any field enquiry regarding my trading. It has been held in a number of cases including in Keshav mills co. Ltd. Vs CIT (1965) ITR 365(SC) and now recognized as rule 46A that the ITAT appellate Authority has a right to admit the additional evidence in the interest of justice. I therefore requested to accord kind permission for production of certain relevant evidences i.e. as they go to the very roof of the matter and involve a substantial causes in determining the correct income and correct tax llability of the assessee because of the aforementioned reasons I was failed to substance the same before the AO during the assessment proceedings and before the National Faceless Appeals Centre- Commissioner of Income tax (Appeals).

3. Briefly, based on information available on the Insight Portal (SFT-003[D]), the Assessing Officer noticed that the assessee had made cash deposits aggregating to Rs.1,77,13,895/- during F.Y. 2016-17 in two current accounts maintained with Punjab National Bank, viz. Rs.1,74,41,895/- in A/c No. 7560002100000850 and Rs.2,72,000/- in A/c No. 7560002100001194. The assessee failed to file the return of income under section 139(1) of the Act. Consequently, proceedings under section 147 were initiated and notice under section 148 dated 28.03.2021 was issued, which remained uncomplied with. Subsequently, several notices under section 142(1) were issued seeking details regarding the source of cash deposits, cash flow statement, and books of account; however, the assessee did not respond to any of the notices.

3.1 Observing persistent non-compliance and non-cooperation despite multiple opportunities, including a final show cause notice dated 16.03.2022,

and in the absence of any return of income, books of account, or explanation regarding the source of cash deposits, the AO completed the assessment under section 144 of the Act. The entire cash deposits of Rs.1,77,13,895/- were treated as unexplained money under section 69A read with section 115BBE and added to the total income. Accordingly, the total income was assessed at Rs.1,77,13,900/-, and penalty proceedings under sections 271AAC and 271F were initiated.

4. Against the order of the AO the assessee went in appeal before the Ld. CIT(A). The Ld. CIT(A) noted that the sole issue for consideration was the addition of Rs.1,77,13,895/- as unexplained money under section 69A of the Act. The assessee claimed that the cash deposits represented sale proceeds from a fruit and vegetable business carried on in the names of "Chaman Lal Avinashi Fruit Suppliers" and "Chaman Fruit Company." However, despite being afforded multiple opportunities, with hearing notices issued on five occasions between December 2022 and January 2025, the assessee failed to file any submissions or furnish supporting evidence.

4.1 On merits, the Ld. CIT(A) observed continuous non-cooperation by the assessee both during the assessment proceedings and at the appellate stage. The Ld. CIT(A) noted that the assessee did not file any return of income for the relevant year and also did not submit any evidence to support the claim that he was unaware of the law leading to such non-compliance. Therefore, applying settled legal principles, the Ld. CIT(A) decided the appeal on the basis of the material available on record.

4.2 Accordingly, since the source of cash deposits remained unexplained, the Ld. CIT(A) upheld the action of the Assessing Officer in treating the amount of Rs.1,77,13,895/- as unexplained money under section 69A read with section 115BBE of the Act and dismissed the grounds of appeal, thereby sustaining the assessment order.

5. Against the order of the Ld. CIT(A) the assessee preferred in appeal before the Tribunal.

6. During the course of hearing the Ld. AR submitted that the non-compliance during the assessment as well as appellate proceedings was neither willful nor deliberate but occurred due to sufficient and reasonable cause. The assessee is a rustic villager, under-matriculate, and not conversant with online proceedings, emails, or statutory compliances, and was entirely dependent on his accountant. During the relevant period, the assessee was suffering from serious kidney-related ailments and was hospitalized multiple times, due to which he was unable to attend the proceedings or furnish details before the lower authorities.

6.1 It is further submitted that the assessment order is bad in law and on facts. The Ld. AO erred in treating the entire cash deposits of Rs.1,77,13,900/- as unexplained under section 69A of the Act without conducting any independent enquiry or field verification. The cash deposits represent genuine trading and agricultural sale receipts, the sources of which are fully explainable and supported by documentary evidence, which could not be produced earlier due to the aforesaid unavoidable circumstances.

6.2 The Ld. AO mechanically invoked section 69A, ignoring the settled legal position that where cash deposits arise from business or agricultural activities, the same cannot be treated as unexplained money. Further, considering the nature of business carried on by the assessee, the income was liable to be assessed under the presumptive provisions of section 44AD, under which the taxable income would be below the basic exemption limit.

6.3 The assessee was prevented by sufficient cause from producing relevant evidences before the Assessing Officer as well as before the NFAC. It is a settled principle of law that the Hon'ble Tribunal has wide powers to admit additional evidence in the interest of justice. Reliance is placed on the

judgment of the Hon'ble Supreme Court in *Keshav Mills Co. Ltd. v. CIT* (56 ITR 365), and the principles now embodied in Rule 46A of the Income-tax Rules.

6.4 In view of the above facts and circumstances, the Ld. AR prays that the additional evidences sought to be produced may kindly be admitted, as they go to the root of the matter. It is respectfully submitted that the impugned orders deserve to be set aside and the matter be restored to the file of the Assessing Officer for fresh adjudication after granting adequate opportunity of being heard to the assessee.

7. Per contra, the Ld. DR relied on the orders of the lower authorities.

8. We have heard the rival submissions and perused the material on record. It is noted that the assessment was completed under section 144 of the Act due to non-compliance by the assessee and the entire cash deposits of Rs.1,77,13,895/- were treated as unexplained under section 69A of the Act. It is also evident that the assessee could not effectively participate either during the assessment proceedings or before the Ld. CIT(A) and, consequently, no evidences were placed on record.

8.1 Before us, the assessee has explained that the non-compliance was due to sufficient cause, namely serious illness, lack of familiarity with faceless proceedings, and dependence on his accountant. The assessee has claimed that the cash deposits represent trading and agricultural sale receipts and that relevant evidences are available, which could not be produced earlier for bona fide reasons. In our view, these contentions require proper verification and examination at the level of the Assessing Officer.

8.2 Considering the totality of facts and in the interest of justice, we deem it appropriate to set aside the impugned order of the Ld. CIT(A) and restore the matter to the file of the Assessing Officer for fresh adjudication. The Assessing Officer shall examine the issue afresh after admitting the evidences

produced by the assessee and after granting adequate opportunity of being heard.

8.3 The assessee is directed to cooperate fully and furnish all relevant details as called for by the Assessing Officer. Accordingly, the appeal is allowed for statistical purposes.

9. In the result, appeal of the Assessee is allowed for statistical purposes.

Order pronounced in the open Court on 06/01/2026

Sd/-

ललित कुमार
(LALIET KUMAR)
न्यायिक सदस्य / JUDICIAL MEMBER

Sd/-

कृणवन्त सहाय
(KRINWANT SAHAY)
लेखा सदस्य/ ACCOUNTANT MEMBER

AG

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

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. आयकर आयुक्त/ CIT
4. आयकर आयुक्त (अपील) / The CIT(A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय आधिकरण, चण्डीगढ़/ DR, ITAT, CHANDIGARH
6. गार्ड फाईल/ Guard File

आदेशानुसार/ By order,
सहायक पंजीकार/ Assistant Registrar