

**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. 1022/Chd/ 2025

निर्धारण वर्ष / Assessment Year : 2016-17

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|--------------------------------------|------|--|
| The ITO,<br>Ward6(1), Ludhiana       | बनाम | Shri Balpreet Singh<br>124/4A Jawaddi Khurd, Ludhiana<br>Punjab-141002 |
| स्थायी लेखा सं. / PAN NO: EGBPS6211L |      |  |
| अपीलार्थी/Appellant                  |      | प्रत्यर्थी/Respondent  |

निर्धारिती की ओर से/Assessee by : Shri Balpreet Singh, Assessee

राजस्व की ओर से/ Revenue by : Shri Manav Bansal, CIT, DR

सुनवाई की तारीख/Date of Hearing : 18/12/2025

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

**आदेश/Order**

**PER KRINWANT SAHAY, A.M:**

This is an appeal filed by the Revenue against the order of the Ld. CIT(A)/NFAC, Delhi dt. 27/06/2025 pertaining to Assessment Year 2016-17.

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

1) That, the Ld. Commissioner of Income Tax(Appeals) has erred in allowing the appeal of the assessee and setting aside the matter to the file of AO, without going into and discussing the merits of the case that Assessing Officer had given sufficient opportunities to the assessee to file the reply..

2) That, the Ld. Commissioner of Income Tax(Appeals) has erred in allowing the appeal of the assessee and setting aside the matter to the file of AO, for adjudication without taking into consideration whether there were justifiable grounds for making total non-compliance by the assessee before the CIT(A) as well as AO.

3) That, the Ld. Commissioner of Income Tax(Appeals) has erred in setting aside the assessment order back to the file of the AO merely provoking the newly inserted provision 251(1)(a) to section 251 of the income Tax Act, 1961.

4) That, the Ld. Commissioner of Income Tax(Appeals) has failed to establish the fact that addition of Rs.33,07,37,215/- was made by the AO u/s 69A as the assessee had failed to furnish any explanation and prove the genuineness and credit worthiness of credits of Rs.33,07,37,215/- in bank accounts during the assessment proceedings.

*5) That, reliance is placed on the judgement of Hon'ble High Court of Gujarat at Ahmedabad in the case of Principal Commissioner of Income Tax -3 Vs. Ashokji Chanduji Thakor dated 27.06.2018 wherein the order passed by the Hon'ble FTAT was quashed & order of AO/CIT(A) were restored.*

*6) That the appellant craves leave to add or amend any ground of appeal before it is finally disposed.*

3. Briefly the facts of the case are that the assessee filed the return of income for Assessment Year 2016-17 on 14.10.2016 declaring a total income of Rs.1,73,360/-, which was processed under section 143(1)(a) of the Income-tax Act, 1961. Subsequently, on the basis of information available on record, the Assessing Officer recorded reasons to believe that income chargeable to tax had escaped assessment. After obtaining due approval from the Competent Authority under section 151, a notice under section 148 dated 30.03.2021 was issued to the assessee. Despite service of the notice through email, the assessee failed to file the return of income within the stipulated period of 30 days.

3.1 Thereafter, the case was assigned to the Faceless Assessment Unit on 11.11.2021. During the course of reassessment proceedings, the jurisdictional Assessing Officer as well as the FAU issued several statutory notices under section 142(1) and a show-cause notice under section 144 through electronic mode as well as by speed post. However, the assessee remained completely non-compliant and failed to respond to any of the notices or furnish the requisite details and explanations regarding the transactions under examination.

3.2 In view of the continued non-cooperation and failure to respond even to the final show-cause notice dated 11.03.2022, the Assessing Officer was constrained to complete the assessment under section 144 read with sections 147 and 144B of the Act, based on the material available on record. Information obtained from ICICI Bank under section 133(6) revealed that the assessee's proprietorship concern, M/s B.S. Agencies, maintained bank account No. 036305500773, wherein total credits amounting to

Rs.33,07,37,215/- were recorded during the relevant previous year. The Assessing Officer further observed that the credited amounts were immediately transferred through RTGS to various parties, with total debits of Rs.33,07,34,275/-, indicating a suspicious pattern of transactions. On this basis, the Assessing Officer concluded that the assessee was not engaged in any genuine business activity.

3.3 The Assessing Officer held that the onus was on the assessee to establish the identity, genuineness, and creditworthiness of the transactions reflected in the bank account. Since the assessee failed to discharge this onus by producing any documentary evidence, the entire bank credits amounting to Rs.33,07,37,215/- were treated as unexplained. Accordingly, the said amount was added to the returned income under section 69A read with section 115BBE of the Act, and the total income was assessed at Rs.33,09,10,575/-. The Assessing Officer also initiated penalty proceedings under section 271(1)(c) for concealment of income and under section 271(1)(b) for failure to comply with statutory notices.

4. Against the order of the AO the assessee went in appeal before the Ld. CIT(A). The Ld. CIT(A) observed that the assessment was framed under section 144 read with section 147 of the Income-tax Act, 1961 vide order dated 24.03.2022, owing to the assessee's non-compliance with statutory notices. During the appellate proceedings, the assessee filed written submissions dated 29.01.2025. Considering the facts and in the interest of substantial justice, the Ld. CIT(A) held that the assessee deserved one more opportunity to substantiate the claim with supporting evidence. Accordingly, exercising powers under the proviso to section 251(1)(a) of the Act (effective from 01.10.2024), the impugned assessment order was set aside and the matter was restored to the file of the Assessing Officer for fresh adjudication after affording due opportunity and adhering to the principles of natural justice. The appeal was thus treated as allowed for statistical purposes.

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

6. During the course of hearing The Ld. DR supported the assessment order and submitted that the Ld. CIT(A) erred in setting aside the assessment to the file of the AO without deciding the appeal on merits. It was argued that the AO had granted sufficient opportunities during the assessment proceedings, but the assessee remained completely non-compliant and failed to file any reply or evidence.

7. On the other hand Ld. AR strongly relied on the order of the Ld. CIT(A).

8. We have heard the rival submissions and perused the material available on record. It is an admitted fact that the assessment was completed under section 144 read with sections 147 and 144B of the Act due to complete non-compliance by the assessee despite issuance of notice under section 148 and several statutory notices under section 142(1) and section 144. The Assessing Officer, on the basis of bank information obtained under section 133(6), treated bank credits of Rs. 33,07,37,215/- as unexplained and made addition under section 69A of the Act.

8.1 We observe that the Ld. CIT(A) set aside the assessment and restored the matter to the file of the Assessing Officer by invoking the proviso to section 251(1)(a) of the Act, without adjudicating the issues on merits, though the assessee had made submissions during the appellate proceedings.

8.2 However, considering that the assessment was framed ex parte and keeping in view the principles of natural justice, we deem it appropriate to restore the matter to the file of the Assessing Officer for fresh adjudication on merits. Accordingly, we set aside the order of the Ld. CIT(A) and remand the matter to the Assessing Officer, who shall provide one final opportunity to the assessee to explain the nature and source of the impugned bank credits with supporting evidence. The assessee is directed to cooperate fully, failing

which the Assessing Officer shall be free to decide the issue on the basis of material available on record.

9. In the result, the appeal of the Revenue 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