

**IN THE INCOME TAX APPELLATE TRIBUNAL  
HYDERABAD BENCH 'B', HYDERABAD**

**BEFORE SMT. P. MADHAVI DEVI, JUDICIAL MEMBER  
AND SHRI S. RIFAUR RAHMAN, ACCOUNTANT MEMBER**

ITA No. 1599/Hyd/2018  
Assessment Years: 2013-14

Sampath Rao Perala, vs. Income-tax Officer,  
Mahabubabad. Ward – 4, Hyderabad.

PAN – ABSPP3821B

Appellant

Respondent

Assessee by: Shri A.V. Raghuram  
Revenue by: Shri Nilanjan Dey

Date of hearing: 04/12/2018  
Date of pronouncement: 26/12/2018

**ORDER**

**PER S. RIFAUR RAHMAN, AM:**

This appeal filed by the assessee is directed against the orders of CIT(A) – 3, Hyderabad, dated, 24<sup>th</sup> May, 2018 for AY 2013-14.

2. Brief facts of the case are that the Assessee, a proprietor of M/s Sri Sai Krishna Medical Stores, Mahubabad, filed his return of income for the AY 2013-14 on 26/05/2014 declaring total income at Rs. 2,30,340/-, which was processed u/s 143(1) of the Income-tax Act, 1961 (in short 'the Act'). Subsequently, the case was selected for scrutiny and notice u/s 143(2) dated 31/08/2015 was issued and served on the assessee and notices u/s 142(1) were issued on several occasions and assessee submitted the information.

3. During the course of scrutiny proceedings, the assessee was asked to produce the statement of all bank accounts

maintained by him during the FY 2012-13 and the assessee submitted the account statement of only one account maintained with the SBI, Mahabubad Branch.

3.1 When the information available with the Department was verified by the AO, it was found that assessee is having one more bank account in his name maintained with ING Vysya Bank Ltd. (now known as Kota Mahindra Bank) having account No. 74710112770 and the same was not disclosed by the assessee during the assessment proceedings despite specifically asked vide notice u/s 142(1) dated 07/12/2015 to submit the statement of all bank accounts maintained by the assessee.

3.2 The AO sent a letter to ING Vysya Bank Ltd. calling for information u/s 133(6) to produce statement for the AY 2012-13 and the same was obtained from the Bank. On verification of the bank statement, the AO found that there were many cash deposits in the said account. Therefore, the AO sent a notice u/s 142(1) dated 04/02/2016 asking the assessee to explain the cash transactions in his bank accounts. However, neither assessee appeared nor submitted any reply in this regard and even after issuing a show cause cum final opportunity letter dated 22/02/2016, there was no compliance from assessee.

3.3 As the assessee failed to explain the cash credits, the cash credits of Rs. 14,96,500/- in the Kotak Mahindra Bank account was treated as unexplained cash credits u/s 68 by the AO. AO also made addition on account of assessee's claim of deduction of Rs. 26,798/- u/s 80C of the Act on the ground that the assessee has not furnished the proof of the claim for the same.

4. Aggrieved by the order of AO, the assessee preferred an appeal before the CIT(A).

5. The CIT(A) passed an ex-parte order upholding the order of AO, dismissing the appeal of the assessee on the ground that though number of opportunities given to appear, but assessee failed to appear or not furnished any written submissions. Even on merits also, the CIT(A) dismissed the appeal of the assessee.

6. Aggrieved by the order of CIT(A) the assessee is in appeal before us contending in the grounds of appeal that the CIT(A) erred in dismissing the appeal of the assessee ex-parte without giving proper opportunity to the assessee thereby violating principles of natural justice.

7. Considered the rival submissions and perused the material on record. We find that the AO made the addition of Rs. 14,96,500/- u/s 68 on the ground that the assessee neither appeared nor furnished any documentary evidence to substantiate his claim when called for. Even before the CIT(A), the assessee could not appear and substantiate his claim by way of documentary evidence. On considering the totality of facts and circumstances of the case, to meet the ends of justice, we remit the matter back to the file of AO to give one more opportunity to the assessee to substantiate his claim and pass the order in accordance with law and on merits. The assessee is directed to file the necessary evidences before the AO to substantiate his claim.

8. In the result, appeal of the assessee is treated as allowed for statistical purposes.

Pronounced in the open court on 26<sup>th</sup> December, 2018.

Sd/-  
(P. MADHAVI DEVI)  
JUDICIAL MEMBER

Sd/-  
(S. RIFAUR RAHMAN)  
ACCOUNTANT MEMBER

Hyderabad, dated 26<sup>th</sup> December, 2018

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Copy forwarded to:

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4. *Pr. CIT – 3, Hyderabad*
5. *The DR, ITAT, Hyderabad*
6. *Guard File*