आयकर अपीलीय अधिकरण, हैदराबाद पीठें, हैदराबाद
INCOME TAX APPELLATE TRIBUNAL,
HYDERABAD BENCHES, HYDERABAD

BENCH: B

BEFORE RAVISH SOOD, HON'BLE JUDICIAL MEMBER
AND
SHRI MADHUSUDAN SAWDIA, HON'BLE ACCOUNTANT MEMBER

ITA 2336/HYD/2026 (निर्धारण वर्ष/Assessment Year: **2015-16**)		
SUGURU ANJANAIAH 6/729 BENCHIKOTTAL, GUNTAKAL-515801, ANDHRA PRADESH.	**Vs.**	**ITO, WARD-1** GUNTHA BHAVI STREET, GUNTAKAL-515801, ANDHRA PRADESH
अपीलार्थी **Appellant**		प्रत्यर्थी **Respondent**
Permanent Account Number of Assessee:		**ANIPA5053E**
अपीलार्थी द्वारा/Appellant represented by:		**Shri Gopi Krishna Satchu, CA**
प्रत्यर्थी द्वारा/Respondent represented by:		**Shri P Sai Krishna, Sr-AR**

सुनवाई की तारीख / Date of conclusion of hearing:	**13-October-2026**
घोषणा की तारीख / Date of pronouncement:	**16-October-2026**

आदेश / ORDER

PER RAVISH SOOD, JM:

The present appeal filed by the assessee is directed against the order passed by the Commissioner of Income Tax (Appeals), NFAC, Hyderabad (for short, "CIT(Appeals)"), dated 07.04.2026, which in turn arises from the assessment order passed by the Assessing Officer (for short, "AO") under Section 147 r.w. Section 144 r.w. Section 144B of the Income-tax Act, 1961 (for short, "the Act"),

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dated 16.12.2023. The assessee has assailed the impugned order on the following grounds of appeal before us:

"1. GENERAL GROUND

1.1. The order passed by the Ld. CIT(A) dismissing the appeal in limine is contrary to the law, facts, and circumstances of the case, and is deeply violative of the principles of natural justice.

1.2. The Ld. CIT(A) erred both in law and on facts in confirming the arbitrary additions made by the Assessing Officer ("AO") to the tune of Rs. 1,09,64,506/- without evaluating the underlying case on its merits.

2. GROUNDS AGAINST REJECTION OF CONDONATION OF DELAY

2.1. The Ld. CIT(A) erred both in law and on facts in adopting a pedantic, rigid, and hyper-technical approach in interpreting Section 249(3) of the Act, thereby refusing to condone the delay of 680 days and dismissing the appeal in limine without evaluating the case on its substantial merits.

2.2. The Ld. CIT(A) failed to appreciate that the Appellant is a Senior Citizen (aged about 71 years) and a retired non-running railway technician whose sole livelihood is a modest pension, rendering him financially and logistically unable to timely engage a professional to comply with complex notices or continuously monitor the income tax portal.

2.3. The Ld. CIT(A) failed to evaluate the undisputed fact that the Appellant came to know of the completion of the assessment proceedings only after receiving a telephonic call from the Jurisdictional Assessing Officer. Furthermore, the Appellant lacked functional access to the registered email address mapped on the Income Tax Portal, which resulted in a total breakdown of proper and effective communication regarding the passing of the assessment order.

2.4. The Ld. CIT(A) fundamentally failed to view these overlapping systemic and logistical barriers through the lens of the Appellant's advanced age and severe, ongoing geriatric health problems, which collectively obstructed his physical and technical capacity to track tax compliance portals, thereby constituting a clear "sufficient cause" within the meaning of Section 249(3) of the Act.

2.5. The Ld. CIT(A) failed to follow established judicial precedents holding that technical delays should not obstruct the delivery of substantial justice on merits, especially where the delay was completely unintentional, born out of unavoidable, bonafide circumstances, and where no mala fide intent or deliberate negligence can be attributed to an elderly citizen. In line with the principles of equity, justice, and good conscience, the technical delay ought to have been condoned

3. JURISDICTIONAL GROUND: NOTICE U/S 148 BARRED BY LIMITATION U/S 149

3.1. The Ld. CIT(A) erred in failing to quash the assessment proceedings as ab-initio void since the notice under Section 148 dated 07/04/2022 was issued well beyond the mandatory limitation period.

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3.2. For the Assessment Year 2015-16, the statutory outer limit of six years under the unamended provisions of the Act expired on 31/03/2022. By virtue of the first proviso to Section 149(1), no notice under Section 148 can be issued under the new regime if such notice had already become time-barred under the old regime.

3.3. The issue involved in the present appeal is squarely covered by the decision of the Hon'ble ITAT, Hyderabad Bench in Veera Hanuman Filling Station v. Income-tax Officer (ITA No.16/HYD/2026, order dated 06.05.2026), wherein, on identical facts relating to Assessment Year 2015-16, it was held that a notice issued under section 148 after 31.03.2022 is barred by limitation in view of the first proviso to section 149 of the Act and, consequently, the entire reassessment proceedings are liable to be quashed.

4. INVALIDATION OF NOTICE ISSUED BY THE JURISDICTIONAL ASSESSING OFFICER (JAO)

The impugned reopening proceedings are bad in law as the notice under Section 148 was initiated and issued by the Jurisdictional Assessing Officer (JAO) rather than the automated allocation system of the National Faceless Assessment Centre, running contrary to the mandatory provisions of Section 144B and the Faceless Reassessment Scheme.

5. QUANTUM GROUND: DUAL AND ERRONEOUS AGGREGATION OF ROLLED-OVER FIXED DEPOSITS

5.1. The lower authorities grossly erred in making a mathematical addition of Rs.1,09,00,000/-under Section 69A by mechanically summing up isolated transaction data entries.

5.2. The Ld. CIT(A) completely disregarded the material facts contained in the Canara Bank /Syndicate Bank Comprehensive Term Deposit Statements, which demonstrate that the actual quantum of unique principal funds deployed in Fixed Deposits did not exceed Rs.23,80,000/-.

5.3. The remainder of the alleged Rs. 1,09,00,000/- is merely the artifact of automatic standard term renewals and periodic reinvestments of the same funds upon short-term maturity cycles within the same financial year (e.g., repeating renewals of Rs. 7,00,000/- and multiple Rs.1,00,000/-layers). Assessing rolled-over balances as distinct, cumulative injections of fresh, unexplained money constitutes a compounding double-addition error.

6. SOURCE GROUND: DEPOSITS ENTIRELY OUT OF RECOVERY OF RETIREMENT BENEFITS

6.1. The learned Assessing Officer and the learned CIT(A) erred in law and on facts in failing to appreciate that the source of the Fixed Deposits made during the relevant previous year stood fully explained through documentary evidence and therefore no addition under section 69A of the Act was warranted.

6.2. The learned Assessing Officer further erred in treating the Fixed Deposits as unexplained money without appreciating that the deposits originated from the retirement benefits amounting to 28,19,088 received by the Appellant from South Central Railway upon superannuation and that the subsequent Fixed Deposits represented only reinvestment and rollover of the very same explained funds.

6.3. The learned Assessing Officer failed to appreciate that the subsequent Fixed Deposits represented mere renewal and rollover of earlier Fixed Deposits on maturity

and did not constitute fresh investments or fresh unexplained money liable to be taxed repeatedly.

6.4. The addition has been made without bringing any material on record to establish that the impugned deposits originated from any source other than the explained retirement corpus and is therefore liable to be deleted.

Each of the above grounds is without prejudice to one another and the appellant craves leave of the Hon'ble Income Tax Appellate Tribunal, Hyderabad Bench to add, delete, amend or otherwise modify one or more of the above grounds either before or at the time of hearing of this appeal."

2. The principal issue for which our indulgence has been sought is whether, in the facts and circumstances of the case, the CIT(Appeals) was justified in dismissing the appeal in *limine* on the ground of limitation without adjudicating the grounds raised by the assessee on merits.

3. Succinctly stated, the AO, acting upon information flagged under the Risk Management Strategy formulated by the Central Board of Direct Taxes (CBDT) through the Insight portal under the category of "NMS Cases", observed that the assessee had undertaken substantial financial transactions during the relevant previous year but had not filed his return of income, viz. (i). received interest income, other than interest on securities: Rs. 64,506/-; and (ii). time deposits with Syndicate Bank aggregating to Rs. 1,09,00,000/-, comprising deposits of Rs. 65,00,000/- and Rs. 44,00,000/-. The AO, on the basis of the aforesaid information, initiated proceedings under Section 147 of the Act and issued a notice under Section 148 dated 07.04.2022. In response thereto, the assessee filed his return of income for AY 2015-16 on 06.05.2022, declaring an income of Rs. 3,87,150/-, which, however, the AO treated as invalid.

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4. During the course of the assessment proceedings, the AO issued notices under Section 142(1) of the Act calling upon the assessee to furnish the requisite information and explanation. As the assessee failed to comply with the said notices, the AO proceeded to frame the assessment to the best of his judgment under Section 144 of the Act.

5. The AO observed that the assessee had during the subject year received interest income of Rs. 64,506/- in his bank account maintained with Syndicate Bank and had made time deposits aggregating to Rs. 1,09,00,000/- with the said bank. In the absence of any explanation from the assessee regarding the source of the aforesaid income and investments, the AO, vide assessment order passed under Section 147 read with Sections 144 and 144B of the Act, dated 16.12.2023, made an addition of Rs. 64,506/- on account of undisclosed interest income and a further addition of Rs. 1,09,00,000/- under Section 69A of the Act on account of unexplained time deposits.

6. Aggrieved by the assessment order, the assessee preferred an appeal before the CIT(Appeals), along with an application seeking condonation of delay in filing the appeal. The CIT(Appeals), however, was not satisfied with the explanation furnished by the assessee and declined to condone the delay. Consequently, the CIT(Appeals) dismissed the appeal in limine as barred by limitation, without adjudicating the assessee's grounds on the merits.

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7. Aggrieved by the aforesaid CIT(Appeals) order, the assessee has preferred the present appeal before us.

8. We have heard the learned Authorized Representatives of both parties, perused the orders of the authorities below and the material available on record, and considered the judicial pronouncements that have been pressed into service by the Ld. AR to drive home his contentions.

9. Shri Gopi Krishna Satchu, C.A., the learned Authorized Representative (for short, "AR") for the assessee, submitted that the present appeal before the Tribunal involves a delay of 23 days. Elaborating on the circumstances leading to the delay, the learned AR submitted that the assessee is a senior citizen aged about 71 years, who had retired as a Senior Technician from South-Central Railway and was wholly dependent upon his pension for his livelihood. It was submitted that, owing to his advanced age, health-related difficulties and limited familiarity with the complexities of income-tax litigation and electronic compliance procedures, the assessee was unable to effectively monitor the appellate proceedings and arrange professional assistance within the prescribed period. The learned AR further submitted that, upon becoming aware of the disposal of his appeal by the CIT(Appeals), the assessee approached a counsel without further loss of time and, after collecting the relevant records, instructed him to file the present appeal, but the same by that time involved a delay of 23 days. The Ld. AR submitted that the delay in filing the present appeal was neither deliberate nor attributable to any

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wilful or negligent conduct on the part of the assessee, but was due to bona fide circumstances. The learned AR, accordingly, prayed that the delay be condoned in the interest of substantial justice. In support of his submissions, the learned AR relied upon the judgment of the Hon'ble Supreme Court in Collector, Land Acquisition v. Mst. Katiji (1987) 167 ITR 471 (SC). The Ld. AR had taken us through the application seeking condonation of delay, supported by the assessee's affidavit dated 22.07.2026.

10. Per contra, the learned Senior Departmental Representative (for short, "Ld. Sr. DR"), fairly submitted that he has no objection to the assessee's request for condonation of the delay in filing the present appeal.

11. We have considered the submissions advanced by Ld. Authorized Representatives of both the parties. Considering the explanation furnished by the assessee, his advanced age, retirement from service and the medical difficulties brought to our notice, we find that the delay of 23 days in filing the present appeal has been satisfactorily explained. The explanation furnished by the assessee, supported by his affidavit, does not indicate any deliberate or mala fide intention to delay the institution of the appeal. Accordingly, in the interest of substantial justice, we condone the 23-day delay in filing the present appeal and admit it for adjudication.

12. Coming to the principal issue involved in the present appeal, we find that the CIT(Appeals) had dismissed the assessee's appeal without examining the

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grounds raised on merits, solely on the ground that the appeal had been filed beyond the prescribed period of limitation. We find that the question for which our indulgence has been sought is whether the explanation furnished by the assessee for the delay in filing the appeal before the CIT(Appeals), considered in the light of the material available on record, warranted condonation.

13. We find from the memorandum of appeal in Form No. 35 and the application filed before the CIT(Appeals) that the assessee had explained that he came to know about the assessment proceedings and the order passed in his case only upon receiving a telephone call from the Jurisdictional Assessing Officer ("JAO"). It was submitted that the assessee did not have access to the email account mentioned on the Income-tax portal and, consequently, remained unaware of the assessment proceedings and the consequential order. The assessee had also explained that he is a senior citizen, aged about 71 years, had retired from government service, and is dependent on his pension for his livelihood. It was further submitted by the assessee that owing to his limited familiarity with the electronic procedures governing income-tax proceedings and his financial circumstances, he was unable to arrange professional assistance to respond to the notices issued by the AO and pursue the appellate remedy within the prescribed period.

14. The Ld. AR further submitted that the delay in filing the appeal before the CIT(Appeals) was attributable, inter alia, to the assessee's medical condition

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during the relevant period. It was stated that the assessee had suffered from health complications, including cardiac problems, which necessitated hospitalization and medical intervention. In support of this submission, the learned AR had drawn our attention to the medical receipts, reports and bills placed at Pages 65 to 93 of the paper book.

15. According to the Ld. AR, the aforesaid documents substantiated the assessee's explanation that his advanced age, medical difficulties, dependence upon pension income and lack of familiarity with electronic tax procedures had cumulatively contributed to the delay in filing the appeal before the CIT(Appeals). It was further submitted that the delay was neither intentional nor the result of any deliberate disregard of the statutory provisions. The Ld. AR, therefore, contended that the CIT(Appeals) ought to have considered the explanation in its entirety and adopted a liberal, justice-oriented approach, rather than dismissing the appeal at the threshold. The Ld. AR accordingly prayed that the impugned order be set aside and the matter be restored to the file of the CIT(Appeals) for adjudication on the merits after condoning the delay.

16. We have given our thoughtful consideration to the contentions advanced by the Ld. Authorized Representatives of both parties and carefully examined the material available on record. We are of the view that the explanation furnished by the assessee for the delay before the CIT(Appeals) is required to be considered in

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the backdrop of the circumstances prevailing during the relevant period and not in isolation.

17. We find that the assessee is a senior citizen aged about 71 years, a retired Central Government employee and a pensioner. It has been submitted that, during the relevant period, he was suffering from medical complications, including cardiac problems, which necessitated hospitalization and medical intervention. The Ld. AR, to buttress the aforesaid factual position, has relied upon medical records placed in the paper book to substantiate the aforesaid explanation. Further, the assessee has stated that he lacked familiarity with the electronic procedures governing income-tax proceedings and did not have access to the email account mentioned in the Income-tax portal, as a result of which he remained unaware of the assessment proceedings and the order passed in his case until he received a telephone call from the JAO.

18. We are of the view that, in the backdrop of the aforesaid circumstances, considered cumulatively, they have a material bearing in determining whether the assessee had sufficient cause for not filing the appeal within the prescribed period. In our view, the explanation furnished by the assessee is not confined to a general plea of ignorance of law or an unsubstantiated assertion of difficulty. Rather, it is founded upon his age, medical condition, limited familiarity with electronic compliance procedures and the circumstances in which, according to him, he became aware of the assessment proceedings.

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19. We are conscious of the settled legal position that an assessee is expected to remain vigilant in pursuing the remedies available under law and to file an appeal within the prescribed period of limitation. The statutory limitation period cannot be disregarded merely because an appeal has been filed belatedly. At the same time, the power to condone delay is intended to advance substantial justice where the explanation furnished establishes sufficient cause for the delay. Our aforesaid view is fortified by the judgment of the **Hon'ble Supreme Court** in **Collector, Land Acquisition v. Mst. Katiji (1987) 167 ITR 471 (SC)**, wherein the Hon'ble Apex Court has emphasized that a liberal approach should ordinarily be adopted while considering applications for condonation of delay, keeping in view the objective of advancing substantial justice. We also find it appropriate to refer to the recent judgment of the **Hon'ble Supreme Court** in **Vidya Shankar Jaiswal v. Income Tax Officer, Ward-2, Ambikapur, dated 31.01.2025, in Civil Appeal arising out of SLP (Civil) Nos. 26310–26311 of 2024**. The aforesaid judgment, in our considered view, reinforces the principle that an application seeking condonation of delay must be considered with a justice-oriented approach, having regard to the explanation furnished and the peculiar facts and circumstances of the case. We derive support from the aforesaid judicial pronouncement in arriving at our conclusion that the explanation furnished by the assessee in the present case deserves to be considered liberally, with a view to advancing substantial justice. The principle emerging from the aforesaid judicial pronouncements is that, while the requirement of limitation must be respected, the

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question of condonation has to be determined on the facts and circumstances of each case, with due regard to the explanation furnished and the interests of substantial justice.

20. We, thus, by applying the aforesaid principles to the facts of the present case, find that the assessee's advanced age, medical difficulties supported by the documents referred to by the learned AR, dependence upon pension income and limited familiarity with electronic tax procedures constitute relevant circumstances which ought to have been considered collectively by the CIT(Appeals). In our view, the explanation that the assessee remained unaware of the assessment proceedings and only came to know of them upon receiving a telephone call from the JAO also requires consideration in the overall factual context.

21. We, thus, in terms of our aforesaid observations, are of the considered view that the explanation furnished by the assessee, when examined in its entirety, warrants a liberal and justice-oriented approach. In our view, the dismissal of the appeal solely on the ground of limitation has deprived the assessee of an opportunity to have his grievances against the assessment adjudicated on merits. In the facts and circumstances of the present case, we are of the considered view that the delay in filing the appeal before the CIT(Appeals) ought to have been condoned.

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22. We, therefore, in the backdrop of our aforesaid observations, set aside the impugned order of the CIT(Appeals) and restore the matter to his file with a direction to condone the delay in filing the first appeal and adjudicate the grounds raised by the assessee on merits, in accordance with law, after affording him a reasonable opportunity of being heard.

23. Before parting, we may herein clarify that we have not expressed any opinion on the merits of the additions made by the AO. The CIT(Appeals) shall independently examine the grounds raised by the assessee, consider the material and explanations furnished by him, and pass a speaking order in accordance with law. The assessee shall extend full cooperation in the appellate proceedings and furnish the requisite information and supporting documents as may be called for by the CIT(Appeals).

24. In the result, the appeal filed by the assessee is allowed for statistical purposes in terms of our aforesaid observations.

Order pronounced in the open court on 16th October, 2026.

Sd/-	**Sd/-**
MADHUSUDAN SAWDIA	**RAVISH SOOD**
ACCOUNTANT MEMBER	**JUDICIAL MEMBER**

Hyderabad.
Dated: 16th October, 2026.
OKK/SPS

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