

आयकर अपीलीय अधिकरण, 'डी' न्यायपीठ, चेन्नई  
**IN THE INCOME TAX APPELLATE TRIBUNAL  
'D' BENCH, CHENNAI**

श्री जॉर्ज जॉर्ज के, उपाध्यक्ष एवं श्री एस.आर.रघुनाथा, लेखा सदस्य के समक्ष  
**BEFORE SHRI GEORGE GEORGE K, VICE PRESIDENT AND  
SHRI S.R. RAGHUNATHA, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.: 4148/CHNY/2025

निर्धारण वर्ष/Assessment Year: 2015-16

**M/s. A-One Leathers,**  
No.15/8, Vepey High Road,  
Periamet,  
Chennai – 600 003.

**The Assistant Commissioner  
of Income Tax,**  
Vs. Non-Corporate Circle 4(1),  
Chennai.

**PAN: AAFA 4576H**

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by

: Shri S. Anandh, Advocate

प्रत्यर्थी की ओर से/Respondent by

: Shri Aroon Praasad, Addl.CIT

सुनवाई की तारीख/Date of Hearing

: 26.02.2026

घोषणा की तारीख/Date of Pronouncement

: 03.03.2026

**आदेश/ ORDER**

**PER GEORGE GEORGE K:**

This appeal filed by the assessee is directed against the order of Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi dated 14.10.2025 passed under section 250 of the Income Tax Act, 1961 (hereinafter called 'the Act'). The relevant Assessment Year is 2015-16.

2. The grounds raised read as follows:-

*1. The Order of National Faceless Appeals Centre is contrary to the law, facts and circumstances of the case and in any case violative of the principles of equity and natural justice.*

*2. The National Faceless Appeals Centre, Delhi has erred in not condoning the delay in filing the appeal against the order u/s.147 r.w.s. 144 by overlooking the fact that the appellant had been pursuing the very same remedy by way of rectification petition and appeal arising therefrom.*

*3. The re-assessment is invalid in the eyes of law as the re-opening was made without properly appreciating the return of income filed by the appellant.*

*4. The assessing officer erred in assuming that the appellant had not disclosed the income on which the TDS was claimed without considering the other operating revenue declared by the appellant in the return of income.*

*5. For these and such other grounds as may be raised during the hearing.*

3. At the very outset, we notice that the First Appellate Authority (FAA) has dismissed the appeal in-limine without condoning the delay of 1068 days. The Ld.AR relying on the condonation application filed before the FAA, submitted that assessee was pursuing alternative remedy and the delay was neither wanton nor deliberate. It is submitted that addition in the assessment order is erroneous and assessee has correctly filed rectification application before the AO on 12.05.2022. It was submitted that if the delay is not condoned, assessee would be put to severe hardship.

4. The Ld.DR supported the findings of the FAA.

5. We have heard rival submissions and perused the material on record. For the assessment year 2015-16, the return of income was filed by the assessee firm declaring total income of Rs.15,17,005/-. Subsequently, notice u/s.148 of the Act was issued on 29.03.2021. The reassessment was completed u/s.147 r.w.s.144B of the Act on 19.03.2022. In the reassessment order, addition of Rs.2,92,239/- was made. The AO stated that assessee during the relevant year claimed TDS of Rs.5,846/- without offering the said sum of Rs.2,92,239/- as income. Therefore, the AO added the same as 'income from business and profession'. The assessee firm on receipt of assessment order dated 19.03.2022, immediately filed rectification application on 12.05.2022. The relevant portion of the rectification application dated 12.05.2022 reads as follows:-

*First, we regret for not responding few notices, which is due to sick of our business; all staffs including accountant left the business. Consequent the sickness of mother of partner coupled with slowdown of business, the mail of the partnership also not viewed by us. This is not intentional but situation went beyond our control.*

*1. Mismatch between income in order and computation sheet:*

*Income as per assessment order u/s 143(3) Rs.18,09,240/-, whereas in the computation sheet it has been taken as Rs.89,19,071/-*

*2. The addition made consequent to non-reporting income representing TDS of Rs.5,846/- is Rs.292,239/-. In fact, this has already disclosed and shown in the financial statements under sales. Machinery charges (being in the nature of works contract) of Rs.3,52,696/-, which included under Sales in the financial statements comprises of these receipts. The party-wise details of machinery charge receipts are given hereunder for an immediate reference:*

<i>Machinery Jobwork Receipts</i>	<i>Amount Rs.</i>	<i>TDS deducted</i>
<i>Hijaz Leathers Pvt Ltd., Vaniyambadi</i>	<i>29,551</i>	
<i>Kamil Leathers, Vellore</i>	<i>2,37,539</i>	<i>4,751</i>
<i>NMI Traders, Vaniyambadi</i>	<i>8,375</i>	
<i>Pakkar Leather Exports, Vaniyambadi *</i>	<i>69,567</i>	<i>1,095</i>
<i>Samsons Tanning Company, Vaniyambadi</i>	<i>7,664</i>	
<b><i>Grand Total</i></b>	<b><i>3,52,696</i></b>	<b><i>5,846</i></b>

*\* not fully deducted due to less than the tds limit*

*Copy of financial statements with respective schedule are attached herewith for an immediate reference. Please refer Schedule 10 SALES for the inclusion of machinery charges received Rs.352,696/-*

*3. Error being apparent from record, it is requested to kindly rectify the order and reduce the consequent demand of Rs.43,49,111/-.*

*4. Copies of assessment order, computation sheet, financial statements with schedules and 26AS are attached herewith for an immediate reference.*

6. From the above rectification application, it is clear that assessee's grievances are two-fold namely i) in the computation sheet attached along with the assessment order, the AO had

wrongly taken the assessed income at Rs.89,19,071/- instead of Rs.18,09,240/- ii) As regards the addition of Rs.2,92,239/-, it is stated in the rectification application, assessee had already disclosed the same in the return of income as part of the sales in the financial statement.

7. The rectification application filed by the assessee firm was disposed off vide order dated 22.11.2022. In the said rectification order dated 22.11.2022, the AO rectified the computation sheet by incorporating assessed income at Rs.18,09,240/- instead of Rs.89,19,071/- (in the computation sheet attached along with the assessment order dated 19.03.2022, the assessed income was wrongly shown as Rs.89,19,071/- instead of Rs.18,09,240/- and demand was raised accordingly). As regards addition of Rs.2,92,239/-, the AO did not mention anything in the rectification order dated 22.11.2022.

8. Against the rectification order dated 22.11.2022, the assessee firm filed appeal before the FAA. Before the FAA, the only prayer taken was that assessee firm had already disclosed in the return of income a sum of Rs.2,92,239/- and taxing the same

twice is not legally tenable. The copy of rectification application was also enclosed. The FAA however, dismissed the appeal of the assessee on 25.09.2024. The CIT(A) held that the AO passed the rectification order suo-motto and the issue of addition of Rs.2,92,239/- does not arise out of the AO's rectification order (the FAA has wrongly stated that the AO has passed a suo-motto rectification order. It was on assessee's rectification application dated 12.05.2022, the AO had passed rectification order on 22.11.2022)

9. Aggrieved by the FAA's order dated 25.09.2024, the assessee firm filed appeal before the Tribunal. The grounds raised before the ITAT read as follows:-

*"1. To set aside the order u/s 250 dated 25/09/2024 passed by the National Faceless Appeals Centre and direct the assessing officer to consider the contentions raised in the rectification petition dated 12/05/2022.*

*2. To pass such orders as your Honor may deem fit considering the facts and circumstances of the case and render justice."*

10. The Tribunal however confirmed the FAA's order dated 25.09.2024 by holding that addition of Rs.2,92,239/- does not arise of the rectification order dated 22.11.2022.

11. The assessee firm on receipt of ITAT's order was contemplated to file an appeal before the Hon'ble High Court. However, on legal advice, filed an appeal before the FAA on 21.05.2025 against the reassessment order dated 19.03.2022 passed u/s.147 r.w.s.144B of the Act. (It is submitted that certified copy of the order of the Tribunal was received only on 17.06.2025 i.e., subsequent to the filing of appeal before the FAA).

12. From the chronology of above factual events, it is clear that for the issue of addition of Rs.2,92,239/-, assessee firm was pursuing an alternative remedy under the rectification route. The pursuit of the rectification petition is the cause of delay in filing the appeal before the FAA on 21.05.2025. The delay in filing the appeal on 21.05.2025, as against the assessment order dated 19.03.2022, on the facts of the instant case is neither wanton nor willful but only on account of assessee pursuing an alternate remedy under the rectification route. Hence, we condone the delay of 1036 days in filing the appeal before the FAA.

13. It is stated that addition of Rs.2,92,239/- is erroneous since assessee firm had already disclosed the same in the return of

income filed on 20.09.2015 for the assessment year 2015-16. If what has been stated by the assessee firm is true, then addition of Rs.2,92,239/- would be taxed twice. The reassessment order dated 19.03.2022 which has brought to tax the said amount of Rs.2,92,239/- is an ex-parte order since the assessee firm did not respond to the notices issued u/s.142(1) of the Act. The reason stated for ex-parte order before the AO during the course of reassessment proceedings is that assessee's business had suffered losses. It is stated that all the staff including the accountant had left the assessee's employment. It is also stated that one of the partner's had to attend to the chronic illness of his mother, who passed away in the month of April 2022. Therefore, it was submitted that the hearing notices sent via e-mail were not taken note of. Moreover, it was submitted that the said period was also impacted by the Covid-19 pandemic. The relevant portion of the statement of facts filed before the FAA in the earlier proceedings detailing why the assessee could not appear during the course of reassessment proceedings are reproduced below:-

*“The appellant is a partnership firm assessed under PAN AAAFA4576H and is engaged in the business of manufacturing or tanning leather and have been filing returns of income regularly with the Income tax Department for more than two decades. The business of these partnership concerns essentially revolves around tanning and supplying of finished*

*leather to few reputed footwear groups in India. However, consequent to slow down of business of the vendor groups on which the appellant-entity was totally relied on during the account years 2014 15 onwards, the business of appellant entity was drastically reduced. The entities in order to survive forced to downsize the activities by reducing the staffs and other overheads. The Accountant who is taking care of maintaining accounts and taking care of filing income tax returns have left the concern in the early of the calendar year 2018. However, the return of income for the appellant-firm for the AY 2015 16 was filed on 20.09.2015 by returning an income of Rs. 15,17,010. The slowdown of business coupled with the impact of COVID, no person is attending e-mail of the business entity. The partners also have to attend the chronic illness of their mother who passed away recently in the month of April, 2022. Under this scenario, the appellant was unaware and unable to attend the mails of the proceedings of assessment forwarded by the department of appellant-firm, which was resulted in ex-parte assessment and this has been noticed recently while enforcing the consequent demand. The assessment of the appellant was on ex-parte under section 147 read with section 144 of the Income tax Act.....”*

14. Therefore, on the facts of the instant case, we deem it appropriate to restore the case to the files of the JAO to put a quietness to the issue namely whether addition of Rs.2,92,239/- is warranted on facts of the instant case. The assessee is directed to produce necessary evidence to prove that income of Rs.2,92,239/- has already disclosed in the return of income and suffered tax. If that being the scenario, the JAO shall not add the same as it tantamount to double taxation of the same income. The JAO shall afford a reasonable opportunity of hearing to the assessee before a decision is taken in the matter. It is ordered accordingly.

15. In the result, the appeal filed by the assessee is allowed for statistical purposes.

Order pronounced in the open court on 3<sup>rd</sup> March, 2026 at Chennai.

Sd/-

(एस.आर. रघुनाथा)

**(S.R. RAGHUNATHA)**

लेखा सदस्य/ACCOUNTANT MEMBER

चेन्नई/Chennai,

दिनांक/Dated, the 3<sup>rd</sup> March, 2026

**RSR**

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त /CIT, Chennai
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF.

Sd/-

(जॉर्ज जॉर्ज के)

**(GEORGE GEORGE K)**

उपाध्यक्ष /VICE PRESIDENT