

आयकर अपीलीय अधिकरण, हैदराबाद पीठ
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad 'B' Bench, Hyderabad

BEFORE SHRI VIJAY PAL RAO, VICE PRESIDENT
AND
SHRI MADHUSUDAN SAWDIA, ACCOUNTANT MEMBER

आ.अपी.सं / **ITA.Nos.1829 & 1830/Hyd/2025**

Assessment Years 2020-2021 & 2022-2023

Veera Reddy Posham, NALGONDA – 508 246 Telangana. PAN AIJPP0376P	vs.	The ACIT, Central Circle-1(1), Hyderabad. Telangana.
(Applicant)		(Respondent)
निर्धारिती द्वारा/Assessee by :	-None-	
राजस्व द्वारा/Revenue by :	Dr. Sachin Kumar, Sr. AR	
सुनवाई की तारीख/Date of hearing:	09.03.2026	
घोषणा की तारीख/Pronouncement:	13.03.2026	

आदेश/ORDER

PER VIJAY PAL RAO, VICE PRESIDENT :

These two appeals by the Assessee are directed against the separate Orders dated 12.08.2025 and 13.08.2025 of the learned Commissioner of Income Tax-(Appeals), Hyderabad-11, Hyderabad, for the assessment years 2020-2021 and 2022-2023, respectively.

2. None appeared on behalf of the assessee when these appeals were called for hearing. It transpires from the record that on the earlier date of hearing there was no presence on behalf of the assessee and hearing was adjourned for today with a direction to issue notice by speed post as well as through email to the assessee. Despite the notice being issued to the assessee through speed post as well as through email, neither any response nor any presence is made on behalf of the assessee. Accordingly, the Bench proposed to hear and dispose of these appeals ex-parte.

ITA.No.1829/Hyd./2025 – A.Y. 2020-2021 :

3. The assessee has raised the following grounds of appeal:

A. General Ground

- *The Commissioner of Income-tax (Appeals)-11, Hyderabad erred both on facts and in law in upholding the assessment order passed u/s 143(3) r.w.s 147 determining total income of Rs.7,86,050 as against the returned income of Rs.6,43,050.*

B. Invalid Re-assessment u/s 147

- *The learned CIT(A) failed to appreciate that initiation of proceedings u/s 147 was invalid in law as:*
 - a) *The conditions precedent for assumption of jurisdiction were not satisfied;*
 - b) *There was no tangible material linking any income escapement to the appellant;*
 - c) *The notice u/s 148 was issued mechanically based only on search information of other entities (M/s Ira Group) without independent application of mind; and*
 - d) *Accordingly, the reassessment order is void ab initio and liable to be quashed.*

C. Violation of Natural Justice

- *The learned CIT(A) grossly erred in dismissing the appeal ex parte, ignoring that sufficient and reasonable opportunities were not effectively granted or that the appellant was prevented by reasonable cause from compliance.*
- *The learned CIT(A) erred in not adjudicating the appeal on merits despite the fact that documentary evidence was available/could have been called for, thereby violating section 250(6) and the principles of natural justice.*
- *The order of the learned CIT(A) is non-speaking, cryptic, and contrary to the settled law that every appellate order must deal with each ground with reasons.*

D. Disallowance of Deduction u/s 80C – Rs.35,000

- *The learned CIT(A) erred in confirming disallowance of Rs.35,000 claimed u/s 80C without appreciating that the payments towards tuition fees were duly made and eligible under section 80C(2)(xvii).*
- *The authorities below failed to call for or verify the documentary evidence before making the disallowance; the addition is therefore unjustified and liable to be deleted.*

E. Disallowance of HRA Exemption u/s 10(13A) - Rs.1,08,000

- *The learned CIT(A) erred in confirming disallowance of Rs.1,08,000 claimed u/s 10(13A) towards House Rent Allowance, ignoring that rent was actually paid and rent receipts were available.*
- *The authorities below failed to consider the mandatory ingredients for claim of HRA exemption as prescribed under Rule 2A read with section 10(13A).*
- *The disallowance was made merely for want of documents at assessment stage without providing opportunity to cure the procedural deficiency during appellate stage; the same deserves to be deleted.*

F. Levy of Interest & Penalty

- *The levy of interest u/ss 234A, 234B, 234C and fee u/s 234F is consequential and without proper computation.*
- *The initiation of penalty proceedings u/s 270A for alleged under-reporting of income is unwarranted and unsustainable once the additions themselves are deleted.*

General Ground

The Appellant craves leave to add, amend, alter, or withdraw any of the above grounds of appeal at the time of hearing.”

4. There was a search and seizure action u/sec.132 of the Income Tax Act [in short "the Act"], 1961 in case of various entities of M/s. Ira Group on 18.01.2023. The residential premises of the assessee were also covered under the said search and seizure operation. Pursuant to the search and seizure action, the Assessing Officer issued notice u/sec.148 of the Act on 29.11.2013. In response to the notice, the assessee has not filed any return of income. Thereafter, the Assessing Officer issued notice u/sec.142(1) of the Act on 22.10.2024 calling for certain information. The Assessing Officer finally made disallowance of Rs.35,000/- in respect of out of the claim of deduction u/sec.80C of Rs.1,50,000/- and also disallowed the claim of exemption u/sec.10(13A) of Rs.1,08,000/- for want of any supporting evidence. The assessee challenged the action of the Assessing Officer before the learned CIT(A) but did not respond to the notices issued by the learned CIT(A) and consequently, the

appeal of the assessee was dismissed and additions made by the Assessing Officer were confirmed.

5. Though the assessee has raised various grounds of appeal before us including the ground of no sufficient opportunity was given by the learned CIT(A), however, it is clear from the Order of the learned CIT(A) that 04 notices were issued to the assessee but there was no compliance. The learned DR has submitted that the Assessing Officer has restricted the claim of deduction u/sec.80C of the Act to the extent of actual payment made by the assessee towards the school fee and the claim of exemption u/sec.10(13A) was disallowed because the assessee has not produced any supporting evidence.

6. We have gone through the Orders of the Assessing Officer as well as the learned CIT(A). The Assessing Officer has made the disallowance in Para no.3.1 as under:

“3.1. During the year, the assessee claimed deduction u/s 80C at Rs.1,50,000 and exemption u/s 10(13A) at Rs.1,08,000/-. During the assessment proceedings the assessee was asked to produce documentary evidence in support of the claim of deduction u/s 80C and exemption u/s 10(13A). In response, the assessee furnished

copies of school fee payment receipts of his for an amount of Rs.1,15,000/- as against claim of deduction u/s 80C for Rs.1,50,000/-. Further, the assessee has not furnished documentary evidence for claim of exemption u/s 10(13A). Therefore, excess claim of deduction u/s 80c for Rs.35,000/- and claim of exemption u/s 10(13A) for Rs.1,08,000/- totalling to Rs.1,43,000/- disallowed and added to the income returned.”

6.1. Thus, out of the claim of deduction u/sec.80C of the Act of Rs.1,50,000/- the assessee could produce the payment receipts to the extent of Rs.1,15,000/- and therefore, the Assessing Officer has restricted the claim to the actual payment of the amount and the balance amount of Rs.35,000/- claimed u/sec.80C of the Act was disallowed. Similarly, the exemption claimed u/sec.10(13A) of the Act was disallowed by the Assessing Officer for want of any documentary evidence despite the same being specifically asked to produce. The learned CIT(A) has also recorded the fact that the assessee has not produced any supporting evidence in respect of claim of exemption u/sec.10(13A) as well as the balance amount of Rs.35,000/- u/sec.80C of the Act. The relevant findings of the learned CIT(A) in Para nos.6.4 and 6.5 are as under:

“6.4. Even on merits of the case, the case of the appellant doesn't hold any ground. The appellant contends mainly on the additions made on account of disallowance of deduction u/s. 80C for an amount of Rs.35,000/- and the HRA claim u/s. 10(13A) of the Act, for amount of Rs.1,08,000/-. During the assessment proceedings, the A.O. observed that the appellant did not submit any evidence in support of his claim for deduction claimed on HRA u/s. 10(13A) of the Act and disallowed the claim of the appellant. Further, the A.O observed that the appellant claimed deduction u/s. 80C for an amount of Rs.1,50,000/-, but evidence was submitted for only Rs.1,15,000/- towards payment of school fee of his children and therefore the claim was restricted to the extent of Rs.1,15,000/- and the balance of Rs.35,000/- was disallowed.

6.5. During the appellate proceedings, the appellant except stating in the grounds that that the rent was paid and the deduction claimed u/s. 80C was genuine, has not submitted any details in support of the claims. The onus to prove the genuineness of the claims made with supporting evidences lies with the appellant which the appellant failed to discharge. In the absence of any evidences in support of the claim of the appellant, there is no reason to interfere with the action of the A.O in disallowing the claim of HRA for Rs.1,08,000/- and 80C deduction for an amount of Rs.35,000/- and addition of Rs.1,43,000/- made on this account is upheld. The grounds of appeal No.2, 3 & 4 is dismissed.”

6.2. Accordingly, in the facts and circumstances of the case, we do not find any reason to interfere with the impugned Order of the learned CIT(A) for the assessment year

2020-2021. Therefore, the impugned order of the learned CIT(A) is upheld.

7. In the result, ITA.No.1829/Hyd./2025 of the Assessee is dismissed.

ITA.No.1830/Hyd./2025 – A.Y. 2022-2023:

8. The assessee has raised the following grounds of appeal:

“A. General Ground

- *The order of the Learned CIT (A)-11, dated 13.08.2025, passed u/s 250 of the Income-tax Act, 1961 ("the Act"), confirming the assessment order u/s 143(3) of the Act, is erroneous in law and on facts and is liable to be set aside.*
- *The CIT(A) failed to appreciate that the initiation of reassessment was solely based on a search conducted u/s 132 in another group (IRA Group) and there was no independent tangible material in the case of the Appellant.*

B. Ground on Addition u/s 69 - Unexplained Investment Rs.35,00,000/-

- *The Learned CIT(A) erred in confirming the addition of Rs.35,00,000/- u/s 69 of the Act without any direct, corroborative, or documentary evidence linking the said amount to the Appellant.*
- *The Ld.AO failed to appreciate that the alleged transactions were part of business activities of IRA Group entities, and the Appellant, being only a Director, merely facilitated or*

routed certain amounts on behalf of the Company without any personal benefit or ownership.

- *The CIT(A) erred in ignoring that the entries in the seized Excel sheets were not found in possession of the Appellant, were not authored by him, and do not bear his handwriting, signature, or confirmation; therefore, they are inadmissible as evidence under section 292C of the Act.*
- *The addition is purely based on loose sheets/dumb documents having no evidentiary value.*

C. Ground on Absence of Opportunity & Natural Justice

- *The CIT(A) erred in dismissing the appeal without granting effective opportunity of hearing despite several requests and adjournments sought by the Appellant.*
- *The impugned order suffers from violation of principles of natural justice, as the Appellant was denied a fair opportunity to produce corroborative evidence or cross-examine the persons whose statements were relied upon by the AO.*

D. Ground on Inference and Presumption

- *The CIT(A) erred in relying upon the statement of a third party recorded during search, without any direct admission by the Appellant.*
- *The reliance on presumption under Section 292C was misplaced, as the seized documents were neither found in the possession nor ownership of the Appellant.*
- *The addition based solely on presumption and inference, without corroborative evidence, is contrary to settled law*

E. Ground on Non-application of Mind by CIT(A)

- *The CIT(A) mechanically upheld the assessment order without independent appreciation of facts or examination of documentary evidences.*
- *The appellate order merely reproduces findings of the Assessing Officer and lacks a reasoned adjudication, rendering it unsustainable in law.*

F. Without Prejudice

- *Without prejudice to the above grounds, the addition of Rs.35,00,000/- made as unexplained investment u/s 69 and taxed u/s 115BBE is highly excessive and arbitrary, and ought to be deleted or substantially reduced.*

General Ground

The Appellant craves leave to add, amend, alter, or withdraw any of the above grounds of appeal at the time of hearing.”

9. The only issue on merits is regarding the addition made by the Assessing Officer of Rs.35 lakhs u/sec.69 of the Act.

10. The learned DR has relied upon the Orders of the authorities below and submitted that the Assessing Officer has made this addition based on the seized material found during the course of search and seizure action and assessee

failed to produce any contrary material in support of its claim.

11. We have gone through the Orders of the authorities below. The Assessing Officer has issued notice u/sec.142(1) of the Act dated 20.08.2024 in Para no.4.1 as under:

"The assessee was reminded of the non-compliance to the notices U/s 142(1) issued dated 11.02.2024, 01.03.2024, 10.03.2024 and 27.05.2024, wherein certain information was called for. Further, the assessee was required to explain the sources for the cash receipts shown against his name in the excel workbooks by Ira Group of entities which amounted to Rs.35,00,000/- which are extracted below: You are hereby given one more opportunity to submit the information/ clarification called for. Further, as per information found in the Incriminating evidence of cash transactions pertaining to various entities of M/s Ira group, the transactions entered by you with the various entitles of IRA Group are listed as under:

Date	Company	Project	Ledger Name	Transaction type	Details	Receipt	Payments
10-Nov-2021	IRA Realty Tech Pvt Ltd	Office	P Veera Reddy	Loan Received	Received from P Veera Reddy towards loan received	10,00,000	
18-Dec-2021	IRA Realty Tech Pvt Ltd	Office	P Veera Reddy	Loan Received	Received from P Veera Reddy towards loan	25,00,000	

Further, the details of payments made to the assessee in the excel workbooks were intimated to explain the details of the transactions."

12. Thus, it is clear that the Assessing Officer has given the details of the seized documents and entries in the excel sheet showing the transactions of loan received by IRA Realty Tech Pvt. Ltd., from assessee total amounting to Rs.35 lakhs. The Assessing Officer reproduced the reply of the assessee dated 10.09.2024 at Page-4 of the impugned order as under:

“The reply filed by the assessee on 10.09.2024 is reproduced hereunder:

In continuation to the reply filed earlier, I would like to submit the following further information:

In the above cited notice, your good office has cited the list of transactions pertaining to Ira group of companies. In this regard, I would like to submit that I am a director of M/s Ira Reality Tech Private Limited. This being so, many a times, certain amounts were received and paid by me on behalf of the company. Generally, the accounts team will record those transactions against the specific customer/vendor for the specific project. However, at times while recording the transaction, if the accounts department were not told about the specific project or customer or vendor, they use to record the entry against the name of the person/director who had given/taken the amount.

This being so, the transaction remains recorded as payment is made to me or amount is received from me. However, fact remains that these transactions are belonging to the business of Ira Reality Tech Private Limited and does not belong to me. I would

like to submit that I have given any money to the company other than investments in shares made by me.

Further, the transactions listed in the above referred notice have already been admitted as its business turnover by Ira Reality Tech Private Limited and its group companies. This admission establishes the fact that the transactions belong to the companies and does not pertain to my Individual capacity. This being so, any addition in respect of these transactions in my hands would lead to double taxation of the same income.

Further, I am herewith giving the details of each transaction in the tabular manner enclosed with this reply as Annexure A for your kind and ready reference.”

13. In the reply, the assessee has contended that these transactions are business transactions of the said company and the assessee received and paid the amounts on behalf of the said company. The Assessing Officer did not accept this reply of the assessee and made the addition of the said amount. We find that when the transactions are specifically classified as loan received from the assessee, then, in the absence of any material to prove the contrary, these transactions cannot be considered as business transactions of the company through the assessee. Further, the assessee has not produced any material to show that the transactions

are wrongly classified in the seized material and actual nature of the transactions is the business transactions of the said company. On appeal, the assessee did not appear or filed any supporting evidence before the learned CIT(A) and consequently, the learned CIT(A) has confirmed the addition made by the Assessing Officer in Para no.6.5 as under:

“6.5. In Grounds of Appeal No. 5 & 6, appellant contended that the AO ought to have appreciated the fact that the entries in the excel sheet are taxed in the hands of M/s. IRA Group Entities and taxing the same in his hands would lead to Double Taxation. From the seized Excel Sheets, it can be noticed that the appellant had given loan to IRA Group Entities. In para No. 5.2 of the Assessment Order, AO had categorically mentioned that cash payments made by the IRA Group entities recorded in the name of the appellant were considered in the cases of IRA Group entities meaning cash paid by IRA Group were considered in the hands of IRA Group entities. AO required the appellant to explain the sources of Rs.35,00,000/- extended by him to IRA Group. There was no plausible explanation from the appellant. In such circumstances, Rs.35,00,000/- considered as unexplained investment in the hands of the appellant. The treatment accorded by the AO does not indicate any amount being subjected to Double Taxation. In view of this, the Grounds of Appeal No. 5 & 6 are dismissed. In Ground of Appeal No.7, appellant contended that no money was transferred by appellant to the company. The seized Excel Sheets contained the name of the appellant, date on which transactions had taken place and the amounts recorded in systematic manner.

A mere argument without explaining the need and nature of such noting in Excel Sheet does not hold ground, more so in the facts of the case wherein the MD Sri Narsi Reddy Posham confirmed the authenticity of the data in Excel Sheets. In such facts and circumstances of the case, the appellant's argument that no money was transferred is liable to be rejected. In view of the above, discussion, Grounds of Appeal No. 7 is dismissed.”

14. Even before us, the assessee has not produced any evidence in support of his claim and therefore, we do not find any reason to interfere with the impugned order of the learned CIT(A). We uphold the Order of the learned CIT(A).

15. In the result, ITA.No.1830/Hyd./2025 of the Assessee is dismissed.

16. To sum-up, both the appeals of the Assessee are dismissed. A copy of this common order be placed in the respective case files.

Order pronounced in the open Court on 13.03.2026.

Sd/-
[MADHUSUDAN SAWDIA]
ACCOUNTANT MEMBER

Sd/-
[VIJAY PAL RAO]
VICE PRESIDENT

Hyderabad, Dated 13th March, 2026

VBP

Copy to:

1.	Veera Reddy Posham,1-77, Meuacheruvu, NALGONDA – 508 246. Telangana.
2.	The ACIT, Central Circle-1(1), Hyderabad – 500 004. Telangana.
3.	The CIT(A), Hyderabad-11, Hyderabad.
4.	The Pr. CIT-(Central), Hyderabad.
5.	The DR, ITAT, “B” Bench, Hyderabad.
6.	Guard file.

BY ORDER