

1. General ground:

1.1. The learned Commissioner of Income-tax (Appeals) - 11, Bangalore (hereinafter 'CIT(A)') has erred in passing the order under section 250 dated 21-10-2025 in the manner passed by her. The order so passed is bad in law and liable to be quashed.

2. Levy of penalty under section 271(1)(c)

2.1 The learned CIT(A) erred in confirming the levy of penalty under section 271(1)(c) amounting to Rs. 55,21,032 for the impugned reason that the appellant has concealed the particulars of income.

2.2 The learned CIT(A) erred in concluding that the disclosure or the admission of deemed dividend on loan cannot be said to be voluntary.

2.3 The learned CIT(A) erred in not appreciating that levy of penalty is not automatic even if the Appellant has not challenged the assessment order and has paid the demand.

2.4 The learned CIT(A) erred in not appreciating that no penalty can be levied under section 271(1)(c) read with Explanation 1 thereto since the Explanation offered by the Appellant was bona fide, all facts relating to the same and material to the computation of total income was disclosed and the same was accepted by the AO in the assessment order and not found to be false by the AO.

2.5 The learned CIT(A) erred in not appreciating that deeming fiction under section 2(22)(e) for making addition in respect of loan or advance cannot be extended for levying penalty under section 271(1)(c).

2.6 The decisions relied on by the learned CIT(A) are not applicable and they are distinguishable to the present case.

2.6 On facts and circumstances of the case and law applicable, penalty levied under section 271(1)(c) amounting to Rs. 55,21,032 for concealment of income is liable to be deleted.

3. Prayer

3.1. In view of the above and other grounds to be adduced at the time of hearing, the order of the CIT(A) confirming the levy of penalty be quashed or in the alternative the penalty levied under section 271(1)(c) amounting to Rs. 55,21,032 for concealment of income be deleted.

The Appellant submits that each of the above grounds/ sub-grounds are independent and without prejudice to one another.

The Appellant craves leave to add, alter, vary, omit, substitute or amend the above grounds of appeal, at any time before or at, the time of hearing, of the appeal, so as to enable the Income-tax Appellate Tribunal to decide the appeal according to law.

The appellant prays accordingly.

3. The assessee has submitted the following additional grounds of appeal along with a petition for admission of these additional grounds which are reproduced below for ease of convenience: -

From

Date 11.02.2026

Dhiren Gopal
No.528/C, 12th Cross, RMV Extension,
Sadashivanagar, Bangalore - 560080

To,

Assistant Registrar
Income Tax Appellate Tribunal
Bangalore

Respected Sir/Madam,

**Ref: Dhiren Gopal V. DCIT, Central Circle-1(1), Bangalore; AY 2015-16;
ITAT A Bench; ITA 2571/BANG/2025; Posted for hearing on 17.02.2026**

Sub: Petition for admission of additional grounds of appeal and additional grounds of appeal

Please find herein attached the Petition for admission of additional grounds of appeal and additional grounds of appeal in the above referred appeal.

Kindly take these documents on record and oblige.

Thanking You

Yours Faithfully

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by DHIREN GOPAL
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Dhiren Gopal

Encl: - As above

BEFORE THE HONOURABLE INCOME TAX APPELLATE TRIBUNAL

A BENCH, BANGALORE

IN THE CASE OF

APPELLANT	RESPONDENT	ITA NO	ASSESSMENT YEAR
DHIREN GOPAL	DCIT, CENTRAL CIRCLE-1(1), BANGALORE	ITA 2571/BANG/2025	2015-16

Posted for hearing on 17.02.2026

PETITION FOR ADMISSION OF ADDITIONAL GROUNDS OF APPEAL

In the above referred appeal, the Appellant has raised grounds challenging the penalty levied by the learned AO under section 271(1)(c) of the Income Tax Act, 1961. The Appellant further wishes to raise additional legal grounds of appeal as under:

1. Background

- 1.1. The Appellant, an individual and director in M/s. Featherlite Products Pvt. Ltd. and M/s. Featherlite Singapore Pte. Ltd. (FSP), filed his original return of income for AY 2015-16 on 30.11.2015 declaring total income of ₹10,31,03,370. A search under section 132 of the Act was conducted on 14.11.2019 in the case of Featherlite Office Systems Pvt. Ltd., pursuant to which certain documents were seized.
- 1.2. Consequent thereto, a notice under section 153C was issued on 14.06.2021. The Appellant filed return on 11.10.2021 declaring total income of ₹11,96,38,920, which included additional income of ₹1,62,22,654 offered as deemed dividend under section 2(22)(e).
- 1.3. During FY 2014-15, FSP had transferred USD 10,00,000 to a joint Singapore bank account held by the Appellant and his brothers (also directors of FSP) for overseas

investments. Out of this, USD 2,36,569 was remitted back towards share application money and the balance USD 7,63,431 constituted loan carrying interest. Post search and to avoid litigation, the Appellant offered his proportionate share of ₹1,62,22,654 (out of ₹4,86,67,963 equivalent of USD 7,63,431) as deemed dividend. Interest expenditure of ₹20,450 was claimed.

- 1.4. Assessment under section 153C was completed on 30.03.2022. The Assessing Officer accepted the additional dividend income but disallowed interest of ₹20,450. Notwithstanding the voluntary disclosure in the return filed under section 153C, the Assessing Officer recorded that the Appellant had concealed income and initiated penalty proceedings under section 271(1)(c).
- 1.5. Accordingly, notice under section 274 read with section 271(1)(c) was issued on 30.03.2022. The Appellant, vide reply dated 29.04.2022, submitted that the income had been voluntarily offered in the return and therefore no concealment was involved. A further show cause notice dated 18.08.2022 was issued, to which the Appellant reiterated his submissions on 29.08.2022.
- 1.6. The Assessing Officer thereafter passed penalty order dated 16.09.2022 levying penalty at 100% of tax on ₹1,62,43,104 (₹1,62,22,654 plus ₹20,450), resulting in penalty of ₹55,21,032.

2. Validity of unsigned penalty notice dated 30.3.2022

- 2.1. The penalty order passed under section 271(1)(c) dated 16.09.2022 arises from the penalty proceedings initiated vide notice under section 274 rws 271(1)(c) dated 30.03.2022. The said notice was issued without a valid signature as mandated under section 282A of the Act.
- 2.2. On facts and circumstances and the law applicable, section 282A prescribes that every notice or other document issued by any income-tax authority "shall be signed".

- 2.3. The Allahabad High Court in the case of Vikas Gupta V. Union of India (2022) 142 taxmann.com 253 held "Signed" means to sign one's name; to signify assent or adhesion to by signing one's name; to attest by signing or when a person is unable to write his name then affixation of 'mark' by such person. Further, the usage of the word 'shall' makes it a mandatory requirement.
- 2.4. Hence, it can be understood that "shall be signed" used in section 282A(1) makes signing of notice or document a mandatory requirement and such notice or document would take legal effect only after it is signed by prescribed authority.
- 2.5. The learned DCIT Central Circle-1(1), Bangalore therefore erred in not complying with the provisions of section 282A which is a mandatory requirement and not merely a ministerial act, or an empty formality which can be dispensed with.
- 2.6. The co-ordinate bench of Bangalore tribunal in the case of Yeshoda Electricals V. ACIT [2023] 154 taxmann.com 677 held that the proceedings framed on the basis of an unsigned notice is bad in law and cannot be sustained in the eyes of law thereby quashing all the orders and allowing the appeal.
- 2.7. The aforementioned stand of the co-ordinate bench is also affirmed by various decisions as under:
- Reuters Asia Pacific Ltd. V. DCIT, International Tax - [2023] 157 taxmann.com 705 (Mumbai ITAT)
 - Outsystems Singapore Pte. Ltd. V. DCIT, International Tax - [2025] 176 taxmann.com 954 (Delhi ITAT)
 - Danieli and C Officine Meccaniche SPA V. ACIT - [2025] 180 taxmann.com 403 (Kolkata ITAT)

wherein it was held that signing of an assessment order by Assessing Officer is a mandatory requirement and not merely a procedural formality.

- 2.8. The High Courts, in the following decisions have quashed the notices / orders issued without physical / digital signature.
- Prakash Krishnavtar Bharadwaj v ITO [2023] 451 ITR 27 (Bombay)
 - Begur Sinappa Venkatesh v. ITO [W.P.No.20807 of 2023] dated 16.11.2023 (Karnataka)
 - Panjos Builders (P) Ltd v ITO [2024] 161 taxmann.com 573 (Karnataka)
 - Toyota Tausho India Private Limited V. DCIT - [TS-251-HC-2024(KAR)-TP]
- 2.9. Additionally, the defect in notice in consequence to statutory violence of section 282A cannot be cured under the provisions of section 292B or 292BB of the Act [Ambernath City Hospital (P.) Ltd. v. Union of India [2026] 182 taxmann.com 268 (Bombay HC)]
- 2.10. In the light of the above, proceedings framed on the basis of an unsigned notice is bad in law thereby rendering the penalty proceedings as void-ab-initio.

3. Admission of Additional grounds

- 3.1. The additional grounds are pursuant to prayer made not set forth in the memorandum of appeal whereby the Appellant had prayed for consideration of any grounds of appeal that may be produced at any time before, or at the time of hearing.
- 3.2. Section 253 of the Income-tax Act, 1961 read with Rule 11 of Income-tax (Appellate Tribunal) Rules, 1963 empowers the Tribunal to admit any ground not set forth in the memorandum of appeal having a bearing on the appeal. The additional grounds are critical for a fair adjudication of the matter. The Madras High Court in CIT v Indian Bank [2015] 230 Taxman 635 (Madras) held that Rule 11 of the Income-tax (Appellate Tribunal) Rules makes it clear that the assessee has the right to raise additional grounds and if the same is beneficial to the assessee, the same should be considered by the Tribunal.

- 3.3. The additional grounds raised in the present case are legal in nature. The Supreme Court in National Thermal Power Co. Ltd. vs. CIT [1998] 229 ITR 383 held that the tribunal has jurisdiction to examine a question of law which did not arise before lower authorities but arose before it from facts as found by lower authorities and having a bearing on tax liability of assessee. The Allahabad High Court in CIT v Sahara India [2012] 347 ITR 331 held that a question of law which can be decided with reference to materials on record can be admitted even though not raised before. In the present case, all facts are on record.
- 3.4. In view of the above, the Appellant prays that the additional grounds (enclosed herewith) be admitted and adjudicated along with the other grounds of appeal in the course of hearing of the appeal.
- 3.5. The appellant requests the Hon'ble Bench to kindly consider and decide the additional grounds of appeal enclosed herewith on merits. The appellant prays accordingly.

The Appellant prays accordingly.

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Dhiren Gopal

Encl:- As above

BEFORE THE HONOURABLE INCOME TAX APPELLATE TRIBUNAL

A BENCH, BANGALORE

IN THE CASE OF

APPELLANT	RESPONDENT	ITA NO	ASSESSMENT YEAR
DHIREN GOPAL	DCIT, CENTRAL CIRCLE-1(1), BANGALORE	ITA 2571/BANG/2025	2015-16

Posted for hearing on 17.02.2026

ADDITIONAL GROUNDS OF APPEAL

With regard to the above appeal, the Appellant wish to submit the below additional grounds for the kind consideration of the Hon'ble Tribunal:

1. On the facts and the circumstances of case, the notice under section 274 r.w.s. 271(1)(c) dated 30.03.2022 initiating the penal proceedings is issued without a valid signature as mandated under section 282A of the Act. Consequently, the penalty proceedings initiated without a valid signature and the impugned penalty order dated 16.09.2022 is void-ab-initio, bad in law and liable to be quashed.

The Appellant craves leave to add, alter, amend, substitute and /or modify in any manner whatsoever all or any of the foregoing additional grounds of appeal at or before the hearing of the appeal.

The Appellant prays accordingly.

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