

**IN THE INCOME TAX APPELLATE TRIBUNAL 'A' BENCH, PUNE**  
**BEFORE SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER**  
**AND**  
**SHRI PARTHA SARATHI CHAUDHURY, JUDICIAL MEMBER**

Sr.No.	ITA No.	Asstt. Year	
1.	689/PUN/2021	2013-14	Q2/26Q
2.	690/PUN/2021	2013-14	Q3/26Q
3.	691/PUN/2021	2013-14	Q4/26Q

Deochand Gangalal Mudhokar  
A/4-5 Vishnu Malati Ind. Estate  
Noda Road, Shivane,  
Une-411 023  
PAN: ADEPM 9529 P

:Appellant

Vs.

The Asstt. C.P.C(TDS). Ghaziabad

:Respondent

Appellants by : Shri Pramod Shingte (through virtual)  
Respondent by : Shri Ramnath P. Murkunde

Date of Hearing : 29-09-2022

Date of Pronouncement : 30-09-2022

**ORDER**

**PER BENCH :**

These three appeals preferred by the assessee emanates from separate orders of the National Faceless Appeal Centre (NFAC), Delhi, all dated 29-10-2021 for assessment year as mentioned in the cause title hereinabove, as per the following common grounds of appeal.

- “1. *The Id. CIT(A), NFAC Delhi has erred both on facts and law in levying late fee u/s 234E.*
2. *The Id. CIT(A), NFAC has erred in not following the position of law that fees u/s 234E of the Act cannot be levied for the period prior to 01-06-2015.*
3. *The Id. CIT(A)-NFAC Delhi failed to appreciate the fact that clause (c) to the section 200A was inserted by Finance Act 2015 w.e.f. 01-06-2015 which is not retrospective in nature and therefore late fees cannot be levied u/s 234E for the statements prior to 01-06-2015. The Id. CIT(A), NFAC Delhi failed to appreciate that the matter is covered in favour of the assessee by various decisions of Hon'ble jurisdictional I.T.A.T.*
4. *The appellant craves leave to add, alter, delete or substitute all or any of the above grounds of appeal.*

2. None appeared on behalf of the assessee. The Id. D.R is heard and these cases are adjudicated on the basis of case records available on record.

3. We have heard the parties and perused the relevant materials/documents available on record. We find that the only issue for adjudication is the levy of late fee u/s 234E of the Act. It is settled legal position that such power to the Department was not there for levying such late fee u/s 234E prior to 01-06-2015. We also observe that these cases before us pertains to Financial Years 2013-14 and 2014-15 and obviously the late fees were levied prior to 01-06-2015, which is therefore, not mandated as per law. The Pune Bench of the Tribunal in a group of cases in ITA No. 1201/PUN/2019 and others in the case of Nisar Mehboob Alam Khan and others, order dated 31-05-2022 on exact identical issue has held as follows:

*“10. We heard the rival submissions and perused the material on record. The issue in the present appeal relates to the condonation of delay in filing the appeal before the Id. CIT(A). At the outset, the issue in the appeal relates to the levy of late fees u/s 234E of the Act. The provisions of section 234E were inserted w.e.f. 1.6.2012. However, it is only w.e.f. 1.6.2015 an amendment was made u/s 200A providing the changing mechanism for levy of late fees u/s 234E of the Act. Resultantly, the late fee u/s 234E can be levied only prospectively i.e. w.e.f. 1.6.2015 as held by the Hon’ble Karnataka High Court in the case of Fatheraj Singhvi vs. Union of India, 73 taxmann.com 252 and this ratio was followed by the Coordinate Bench of Pune Tribunal in the case of (i) Gajanan Constructions vs. DCIT, 73 taxmann.com 380 and (ii) Maharashtra Cricket Association, Pune vs. DCIT, 74 taxmann.com 6. Admittedly, in the present case the late fees u/s 234E was levied for the period prior 1.6.2015 and applying ratio of the decisions referred supra, the late fee cannot be levied. Keeping in view the fact, that the appellant is not liable for payment of late fee u/s 234E, we considered the merits in the petition for condonation of delay before the Id. CIT(A). The Hon’ble Supreme Court in the case of Collector Land Acquisition vs. Mst. Katiji, 167 ITR 471 (SC) had laid as follows :-*

*“1. Ordinarily a litigant does not stand to benefit by lodging an appeal late.*

*2. Refusing to condone delay can result in a meritorious matter being thrown out at the very threshold and cause of justice being defeated. As against this when delay is condoned the highest that can happen is that a cause would be decided on merits after hearing the parties.*

*3. “Every day’s delay must be explained” does not mean that a pedantic approach should be made. Why not every hour’s delay, every second’s delay? The doctrine must be applied in a rational common sense pragmatic manner.*

*4. When substantial justice and technical considerations are pitted against each other, cause of substantial justice deserves to be preferred for the*

*other side cannot claim to have vested right in injustice being done because of a non-deliberate delay.*

*5. There is no presumption that delay is occasioned deliberately, or on account of culpable negligence, or on account of mala fides. A litigant does not stand to benefit by resorting to delay. In fact he runs a serious risk.*

*6. It must be grasped that judiciary is respected not on account of its power to legalize injustice on technical grounds but because it is capable of removing injustice and is expected to do so."*

11. Similarly, the Hon'ble Jurisdictional High Court in the case of *Vijay Vishin Meghani vs. DCIT, 389 ITR 250 (Bom.)* held that in the matter of condonation of delay an overall view in the larger interest of justice has to be taken. None should be deprived of an adjudication on merits unless the Court of law or the Tribunal/Appellate Authority finds that the litigant has deliberately and intentionally delayed filing of the appeal, that he is careless, negligent and his conduct is lacking in bona fides. The Hon'ble Telangana High Court in the case of *Thunuguntla Jagan Mohan Rao vs. DCIT, 427 ITR 204 (Telangana)* after referring to the decision of the Hon'ble Supreme Court in the case of *N. Balakrishnan vs. M. Krishnamurthy (1998) 7 SCC 123 (SC)* held as follows :-

*"26. The Supreme Court in N. Balakrishnan v. M. Krishnamurthy [1998] 7 SCC 123 has held that the primary function of a Court is to adjudicate the dispute between the parties and to advance substantial justice; and that rules of limitation are not meant to destroy the right of parties, but they are meant to see that parties do not resort to dilatory tactics, but seek their remedy promptly.*

*It held that there is no presumption that delay in approaching the Court is always deliberate, and the words "sufficient cause" under section 5 of the Limitation Act should receive a liberal construction so as to advance substantial justice.*

*It held that in every case of delay there can be some lapse on the part of the litigant concerned, but that alone is not enough to turn down his plea and to shut the door against him; and if the explanation does not smack of mala fides or it is not put forth as part of a dilatory strategy, the Court must show utmost consideration to the suitor. It also observed that if the delay is deliberate, then the Court should not accept the explanation. It held that while condoning the delay, the Court should compensate the opposite party with costs."*

12. Applying the principles enunciated in the decisions referred to hereinabove, the facts of the present case, it is clear that the appellant has strong case on merits of case. Therefore, the *Id. CIT(A)* ought to have condoned the delay and adjudicate the appeal on merits. However, since the issue involved is purely legal, we decide the issue on merits as follows.

13. We heard the rival submissions and perused the material on record. The only issue in the present appeal relates to the levy of late fees u/s 234E of the Act. The CPC (TDS) had levied penalty u/s 234E of the Act for belated submission of tax deducted at source statement during the financial year 2012-13. It is only w.e.f. 01.06.2015 an amendment was made u/s 200A of the Act providing that fee u/s 234E could be computed at the time of processing of the return of income and intimation could be issued specifying the same payable by the deductor as fee u/s 234E of the Act. The Hon'ble Karnataka High Court in the case of *Fatheraj Singhvi vs. Union of India, 73 taxmann.com 252* held that the provisions of section 234E of the Act are substantive in nature and the mechanism for computing the late fee was provided by the Parliament only w.e.f. 01.06.2015. Therefore, late fees u/s 234E of the Act can be levied only prospectively w.e.f. 01.06.2015. The relevant observation of the Hon'ble Karnataka High Court in the case of *Fatheraj Singhvi (supra)* are extracted hereunder :-

*"19. Hence, it can be said that, the mechanism provided for enforceability of Section 200(3) or 206C (3) for filing of the statement by making it penal*

*under Section 272A (2) (k) is done away in view of the insertion of Section 271H providing for penal provision for such failure to submit return. When the Parliament has simultaneously brought about Section 234E, Section 271H and the aforesaid proviso to Section 272A(2), it can be said that, the fee provided under Section 234E is contemplated to give a privilege to the defaulter to come out from the rigors of penalty provision under Section 271H (1) (a) if he pays the fee within one year and complies with the requirement of subsection (3) of Section 271H.*

*20. In view of the aforesaid observations and discussion, two aspects may transpire one, for Section 234E providing for fee and given privilege to the defaulter if he pays the fee and hence, when a privilege is given for a particular purpose which in the present case is to come out from rigors of penal provision of Section 271H(1)(a), it cannot be said that the provisions of fee since creates a counter benefit or reciprocal benefit in favour of the defaulter in the rigors of the penal provision, the provisions of Section 234E would meet with the test of quid pro quo.*

*21. However, if Section 234E providing for fee was brought on the state book, keeping in view the aforesaid purpose and the intention then, the other mechanism provided for computation of fee and failure for payment of fee under Section 200A which has been brought about with effect from 1.6.2015 cannot be said as only by way of a regulatory mode or a regulatory mechanism but it can rather be termed as conferring substantive power upon the authority. It is true that, a regulatory mechanism by insertion of any provision made in the statute book, may have a retroactive character but, whether such provision provides for a mere regulatory mechanism or confers substantive power upon the authority would also be an aspect which may be required to be considered before such provisions is held to be retroactive in nature. Further, when any provision is inserted for liability to pay any tax or the fee by way of compensatory in nature or fee independently simultaneously mode and the manner of its enforceability is also required to be considered and examined. Not only that, but, if the mode and the manner is not expressly prescribed, the provisions may also be vulnerable. All such aspects will be required to be considered before one considers regulatory mechanism or provision for regulating the mode and the manner of recovery and its enforceability as retroactive. If at the time when the fee was provided under Section 234E, the Parliament also provided for its utility for giving privilege under Section 271H(3) that too by expressly put bar for penalty under Section 272A by insertion of proviso to Section 272A(2), it can be said that a particular set up for imposition and the payment of fee under Section 234E was provided but, it did not provide for making of demand of such fee under Section 200A payable under Section 234E. Hence, considering the aforesaid peculiar facts and circumstances, we are unable to accept the contention of the learned counsel for respondent-Revenue that insertion of clause (c) to (f) under Section 200A(1) should be treated as retroactive in character and not prospective.*

*22. It is hardly required to be stated that, as per the well-established principles of interpretation of statute, unless it is expressly provided or impliedly demonstrated, any provision of statute is to be read as having prospective effect and not retrospective effect. Under the circumstances, we find that substitution made by clause (c) to (f) of sub-section (1) of Section 200A can be read as having prospective effect and not having retroactive character or effect. Resultantly, the demand under Section 200A for computation and intimation for the payment of fee under Section 234E could not be made in purported exercise of power under Section 200A by the respondent for the period of the respective assessment year prior to 1.6.2015. However, we make it clear that, if any deductor has already paid the fee after intimation received under Section 200A, the aforesaid view will not permit the deductor to reopen the said question unless he has made payment under protest.*

23. In view of the aforesaid observation and discussion, since the impugned intimation given by the respondent-Department against all the appellants under Section 200A are so far as they are for the period prior to 1.6.2015 can be said as without any authority under law. Hence, the same can be said as illegal and invalid.

24. If the facts of the present cases are examined in light of the aforesaid observation and discussion, it appears that in all matters, the intimation given in purported exercise of power under Section 200A are in respect of fees under Section 234E for the period prior to 1.6.2015. As such, it is on account of the intimation given making demand of the fees in purported exercise of power under Section 200A, the same has necessitated the appellant-original petitioner to challenge the validity of Section 234E of the Act. In view of the reasons recorded by us hereinabove, when the amendment made under Section 200A of the Act which has come into effect on 1.6.2015 is held to be having prospective effect, no computation of fee for the demand or the intimation for the fee under Section 234E could be made for the TDS deducted for the respective assessment year prior to 1.6.2015. Hence, the demand notices under Section 200A by the respondent-authority for intimation for payment of fee under Section 234E can be said as without any authority of law and the same are quashed and set aside to that extent.

25. As such, as recorded earlier, it is on account of the intimation received under Section 200A for making computation and demand of fees under Section 234E, the same has necessitated the appellant to challenge the constitutional validity of Section 234E. When the intimation of the demand notices under Section 200A is held to be without authority of law so far as it relates to computation and demand of fee under Section 234E, we find that the question of further scrutiny for testing the constitutional validity of Section 234E would be rendered as an academic exercise because there would not be any cause on the part of the petitioners to continue to maintain the challenge to constitutional validity under Section 234E of the Act. At this stage, we may also record that the learned counsels appearing for the appellant had also declared that if the impugned notices under Section 200A are set aside, so far as it relates to computation and intimation for payment of fee under Section 234E, the appellant-petitioners would not press the challenge to the constitutional validity of Section 234E of the Act. But, they submitted that the question of constitutional validity of Section 234E may be kept open to be considered by the Division Bench and the Judgment of the learned Single Judge may not conclude the constitutional validity of Section 234E of the Act.

26. Under these circumstances, we find that no further discussion would be required for examining the constitutional validity of Section 234E of the Act. Save and except to observe that the question of constitutional validity of Section 234E of the Act before the Division Bench of this Court shall remain open and shall not be treated as concluded.

27. In view of the aforesaid observations and discussion, the impugned notices under Section 200A of the Act for computation and intimation for payment of fee under Section 234E as they relate to for the period of the tax deducted prior to 1.6.2015 are set aside. It is clarified that the present judgment would not be interpreted to mean that even if the payment of the fees under Section 234E already made as per demand/intimation under Section 200A of the Act for the TDS for the period prior to 01.04.2015 is permitted to be reopened for claiming refund. The judgment will have prospective effect accordingly. It is further observed that the question of constitutional validity of Section 234E shall remain open to be considered by the Division Bench and shall not get concluded by the order of the learned Single Judge.”

14. The ratio of the above decision was followed by the Coordinate Bench of Pune Tribunal in the case of (i) *Gajanan Constructions vs. DCIT, 73 taxmann.com 380*, (ii) *Maharashtra Cricket Association, Pune vs. DCIT, 74 taxmann.com 6* and

*(iii) Webtrust Co. In (India) Pvt. Ltd. ACIT, CPC (TDS) in ITA Nos.1818 & 1819/PUN/2018 for Assessment Years 2013-14 & 2014-15, order dated 02.11.2021. The decision rendered by the Hon'ble Bombay High Court in the case of Rashmikant Kundalia and Others (supra) does not come to the rescue of the Revenue, inasmuch as, the Hon'ble High Court had only upheld the constitutional validity of the provisions of section 234E of the Act. The Hon'ble High Court had not gone into the issue of retrospective operation of provisions of section 234E of the Act. In the circumstances, we direct the ACIT, CPC-TDS, Ghaziabad to delete the late fee being levied u/s 234E of the Act."*

4. In the cases before us, the Department had levied late fees u/s 234E for belated submission of Tax Deducted at Source statements for F.Ys. 2012-13 and 2013-14. However, as already stated above, in the aforesaid decision, it is with effect from 01-06-2015 that an amendment was made to section 200A of the Act providing that fees u/s 234E could be computed at the time of processing of return of income and an intimation could be issued specifying the same payable by the deductor as fees u/s 234E of the Act. Hon'ble Karnataka High Court in the case Fatheraj Singhvi Vs. Union of India, 73 taxmann.com 252 has held that the provisions of section 234E of the Act are substantive in nature and the mechanism for computing the late fee was provided by the Parliament only w.e.f. 01-06-2015. Therefore, late fees u/s 234E of the Act can be levied only prospectively w.e.f. 01-06-2015 and not prior to that. Admittedly in all the above four cases, the Revenue has levied such late fee u/s 234E for F.Y. 2013-14 and 2014-15 prior to 01-06-2015 and hence, we set aside the concerned orders of the National Faceless Appeal Centre and direct the A.O to delete the late fee levied u/s 234E of the Act from the hands of the assessee.

5. In the result, grounds of appeals of the assessee are allowed.

6. In the combined result, all the appeals of the assessee are allowed.

Order pronounced in the open Court on this 30<sup>th</sup> September 2022.

**Sd/-**  
**(INTURI RAMA RAO)**  
**ACCOUNTANT MEMBER**

**sd/-**  
**(PARTHA SARATHI CHAUDHURY)**  
**JUDICIAL MEMBER**

Pune; Dated, this 30<sup>th</sup> day of September 2022  
Ankam

ITA 689 to 691/PUN/2021  
Deochand Gangalal Mudhokar  
A.Y. 2013-14

**Copy of the Order forwarded to :**

1. The Appellant.
2. The Respondent.
3. The CCIT- 1, Pune .
4. The NFAC, Delhi
5. The D.R. ITAT 'A' Bench Pune.
6. Guard File

BY ORDER,

Sr. Private Secretary  
I.T.A.T. Pune.

**/// TRUE COPY ///**

		Date	
1	Draft dictated on	29-09-2022	Sr.PS
2	Draft placed before author	30-09-2022	Sr.PS
3	Draft proposed and placed before the second Member		JM/AM
4	Draft discussed/approved by second Member		AM/JM
5	Approved draft comes to the Sr. PS/PS		Sr.PS/PS
6	Kept for pronouncement on		Sr.PS/PS
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10	Date on which file goes to the A.R		
11	Date of dispatch of order		