

आयकर अपीलीय अधिकरण, हैदराबाद पीठ में  
**IN THE INCOME TAX APPELLATE TRIBUNAL  
HYDERABAD BENCHES "A", HYDERABAD**

**BEFORE**  
**SHRI K.NARASIMHA CHARY, JUDICIAL MEMBER**  
**&**  
**SHRI MADHUSUDAN SAWDIA, ACCOUNTANT MEMBER**

आ.अपी.सं/ITA No. 62/Hyd/2023  
(निर्धारण वर्ष/Assessment Year: 2020-21)

Jai Balajee Security Services Pvt. Ltd.,  
Tirupathi,

ACIT, Circle-1(1),  
Vs. Tirupathi

[PAN No. AABCJ5273C]

अपीलार्थी/Appellant

प्रत्यर्थी/Respondent

निर्धारित द्वारा/Assessee by: Shri Sashank Dundu, AR  
राजस्व द्वारा/Revenue by: Shri Shakeer Ahamed, DR

सुनवाई की तारीख/Date of hearing: 09/05/2024  
घोषणा की तारीख/Pronouncement on: 20/05/2024

आदेश / ORDER

**PER MADHUSUDAN SAWDIA, A.M:**

The captioned appeal has been filed at the instance of Jai Balajee Security Services Pvt. Ltd., ("the assessee"), against the order dated 24/11/2022, passed by the learned Commissioner of Income Tax (Appeals)-National Faceless Appeal Centre (NFAC), Delhi ("Ld. CIT(A)"), relating to the assessment year (AY) 2020-21.

2. The grounds raised by the assessee, reads as under:

*“1. On the facts and in the circumstances of the case the order of the commissioner(appeals) affirming the rectification order passed by the Centralised Processing Centre CPC-Bangalore/ Assessing Officer u/s 154 of the Act is bad in law since rectification order itself lacks jurisdiction being issued without original intimation u/s 143(1) of the Act.*

*2. The Ld. CIT(Appeals), erred in upholding the prima facie adjustment, made by Centralised Processing Centre (CPC) - Bangalore u/s 143(1)(a) of the Act, while processing the return u/s 143(1) of the Act, that too by relying on the statement made in the Tax Audit Report eventhough no disallowance was proposed by Tax Auditor.*

*3. The Ld. CIT(Appeals) ought to have appreciated that CPC-Bangalore/ Assessing Officer could not have made a prima facie adjustment since the expression prima facie adjustment limits the jurisdiction of the Assessing Officer to issues wherein two views are not possible and thus the Ld. CIT(Appeals) erred in upholding the order passed by the Assessing Officer.*

*4. For these and other grounds that may be urged at the time of hearing, appellant prays that the Hon'ble Tribunal may be pleased to delete the arbitrary addition made by the CPC- Bangalore since the issue falls outside the ken of 'prima facie adjustments'.”*

3. Brief facts of the case as culled out from the record are that the assessee is a company, engaged in security services. For the AY. 2020-21, the assessee filed its return of income on 29/11/2020, declaring total income of Rs. 2,65,11,940/-. The Centralized Processing Centre, Bengaluru (‘CPC’) passed a rectification order u/s. 154 of the Income Tax Act, 1961 (for short “the Act”), on 24/09/2021, disallowed the Provident Fund payment and ESI fund payment of Rs. 4,43,46,200/-

due to the reason that the said payments are not allowable u/s. 36(1)(va) of the Act and determined the total income of the assessee at Rs.7,08,58,140/-.

4. Aggrieved, assessee preferred appeal before the Ld.CIT(A). Ld.CIT(A), considering the facts of the case, sustained the addition made by CPC and dismissed the appeal of the assessee.

5. Feeling aggrieved with the order of the Ld. CIT(A), the assessee is now in appeal before the Tribunal, raising as many as four grounds.

6. At the time of arguments, the learned AR pressed only Ground No.1 and submitted that the Ld.CIT(A) while passing the order, did not deal with the specific ground raised by the assessee regarding the rectification order passed by the CPC u/s 154 of the Act, which is bad in law since rectification order itself lacks jurisdiction being passed without issue of original intimation u/s 143(1) of the Act.

7. Learned DR, on the other hand, placed heavy reliance on the orders of the Revenue authorities and vehemently opposed the contentions raised on behalf of the assessee.

8. We have heard the rival submissions and also gone through the record in the light of the submissions made on either side. As per record, it is a fact that the Ld.CIT(A) while passing the order, did not deal with the specific ground raised

by the assessee regarding the rectification order passed by the CPC u/s 154 of the Act, which is bad in law, since rectification order itself lacks jurisdiction being passed without issuance of original intimation u/s. 143(1) of the Act.

8.1. In these circumstances, in the interest of justice, we are of the view that a fresh opportunity should be given to the assessee and, accordingly, we set aside the impugned order and restore the issue to the file of the Ld. CIT(A) with a direction to adjudicate the grounds of the assessee regarding the legality of the rectification order passed by the CPC u/s 154 of the Act, without issuance of original intimation u/s 143(1) of the Act, after affording the opportunity of hearing to the assessee. The assessee is also directed to co-operate with the Ld. CIT(A) in disposing the issue on merits. Grounds of appeal are answered accordingly.

9. In the result, appeal of the assessee is treated as allowed for statistical purposes.

Order pronounced in the open court on 20<sup>th</sup> day of May, 2024.

Sd/-  
**(K. NARASIMHA CHARY)**  
**JUDICIAL MEMBER**

Sd/-  
**(MADHUSUDAN SAWDIA)**  
**ACCOUNTANT MEMBER**

Hyderabad,  
Dated: 20/05/2024

TNMM

Copy forwarded to:

1. Jai Balajee Security Services Private Limited,  
# 20-3-1/12A, Sivajyothi Nagar, Tirupathi.
2. The ACIT, Circle-1(1), Tirupathi.
3. Pr.CIT,
2. DR, ITAT, Hyderabad.
3. GUARD FILE

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ITAT, HYDERABAD