

**IN THE INCOME TAX APPELLATE TRIBUNAL  
COCHIN BENCH**

**BEFORE SHRI INTURI RAMA RAO, AM**

**ITA No. 50/Coch/2025  
Assessment Year: 2017-18**

Vasulal Textiles ..... Appellant  
AP VIII/466.469, Azhikode, Kannur 670009  
[PAN: AAEFV3696F]

vs.

The Income Tax Officer ..... Respondent  
Ward- 1 & TPS, Kannur

Appellant by: ----- None -----  
Respondent by: Smt. Leena Lal, Sr. D.R.

Date of Hearing: 11.02.2025  
Date of Pronouncement: 24.02.2025

**ORDER**

This appeal filed by the assessee is directed against the order of the National Faceless Appeal Centre (NFAC), Delhi [CIT(A)] dated 19.11.2024 for Assessment Year (AY) 2017-18.

2. Brief facts of the case are that the appellant is a partnership firm engaged in the business of manufacturing and selling of plywood. The return of income for AY 2017-18 was filed on 18.10.2017 declaring total income of Rs. 30,490/-. Against the said return of income, the assessment was completed by the Income Tax Officer, Ward-1, Kannur (hereinafter called "the AO") vide order dated 20,10.2019 passed u/s. 143(3) of the Income Tax Act, 1961 (the Act) at total income of Rs. 4,89,530/-. While

doing so, the AO disallowed Rs. 7,75,777/- being contribution made to PF by holding that the said amount cannot exceed 27% of the salary debited to the Profit & Loss A/c.

3. Being aggrieved, an appeal was filed before the CIT(A) contending that the appellant has idle staff, who were deployed in sister concern and received reimbursement of their salaries and the reimbursement was duly credited in their salary account. The said amount was not claimed as deduction. The CIT(A), however, dismissed the appeal.

4. Being aggrieved, the appellant is in appeal before the Tribunal in the present appeal.

5. When the appeal was called on, nobody appeared on behalf of the assessee despite due service of notice of hearing. Therefore, I proceeded to dispose of the appeal after hearing the learned Sr. DR.

6. On a perusal of the assessment order, it would show that the AO made addition on contribution to PF which is in excess of 27% of the salary debited to the Profit & Loss A/c. The material on record clearly indicates that the appellant had not made claim for deduction on entire contribution to PF of Rs. 8,21,162/-. It is the contention of the appellant that the appellant had deployed the idle staff with sister concern and received reimbursement of the salary as well as contribution made to PFA, which is credited to the respective expense head. When the appellant had not made any claim for deduction, the question of disallowance on the ground of excess and unreasonableness of amount

does not arise. Therefore, the CIT(A), without addressing this submission, made by the appellant had merely confirmed the addition, which is unreasonable and arbitrary. Therefore, I direct the AO to delete the addition

7. In the result, the appeal filed by the assessee stands allowed.
8. Order pronounced in the open court on 24<sup>th</sup> February, 2025.

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

Cochin, Dated: 24<sup>th</sup> February, 2025

n.p.

Copy to:

1. The Appellant
2. The Respondent
3. The Pr. CIT concerned
4. The Sr. DR, ITAT, Cochin
5. Guard File

By Order

Assistant Registrar  
ITAT, Cochin