

IN THE INCOME TAX APPELLATE TRIBUNAL  
MUMBAI "D" BENCH : MUMBAI

BEFORE SHRI VIKRAM SINGH YADAV, ACCOUNTANT MEMBER  
AND  
SHRI ANIKESH BANERJEE, JUDICIAL MEMBER

ITA No. 6914/Mum/2024  
Assessment Year : 2023-24

Quent Chem, 101, Shiv Dutta, Topiwala Lane, Goregaon West, Mumbai-400104. PAN : AAAFQ3430G	vs.	Deputy Commissioner of Income Tax, Circle-41(4)(1), Kautilya Bhavan, Bandra Kurla Complex, Mumbai-400051.
(Appellant)		(Respondent)

For Assessee :	Shri Bhavya Sundesha
For Revenue :	Shri Annavaram Kosuri

Date of Hearing :	09-06-2025
Date of Pronouncement :	12-06-2025

**ORDER**

**PER VIKRAM SINGH YADAV, A.M :**

This is an appeal filed by the assessee against the order of the Ld. Commissioner of Income Tax (Appeals)-National Faceless Appeal Centre (NFAC), Delhi [‘Ld.CIT(A)’], dated 30-10-2024, pertaining to Assessment Year (AY) 2023-24, wherein the assessee has taken the following grounds of appeal:

*“1. The Commissioner of Income Tax (Appeals) erred in confirming the action of the Assessing Officer in computing Income from Business or Profession of Rs.3,72,70,389/-. The Assessing officer has added an Income of Rs.78,61,560/- in the computation sheet by passing an order u/s 143(1) of the Income Tax Act, 1961. This amount refers to the Interest paid to the partners by the partnership firm. This Interest of Rs.78,61,558/- has been correctly disclosed in the computation of income and also in the Income Tax Return.*

*2. In the Tax Audit Report filed for A.Y. 2023-24, the amount of interest was disclosed in the admissible column only. However, while uploading the Tax Audit Report the amount got disclosed in the inadmissible column and neither the Tax Auditor nor the assessee was aware about the glitch because of which due to oversight the report was approved by the assessee as well.*

*However, the Tax Auditor has also submitted a signed hard copy of the Tax Audit Report to the assessee for submission of the same to the banks and in that report the amount of Interest paid to partners is correctly disclosed in the admissible column. Per se also the Tax Auditor did not have any reasons to disallow the Interest paid to Partners.*

*3. The Commissioner of Income Tax (Appeals) erred in levying interest u/s 234B of the Act of Rs. 3,37,198/- and u/s 234C of Rs.2,15,149/-."*

2. Briefly the facts of the case are that the assessee is a partnership firm, which has filed its return of income, which was processed by the CPC, Bengaluru, wherein an amount of Rs. 78,61,558/- was disallowed, basis the inconsistency in the amount of interest to the partners inadmissible u/s. 40(b) of the Income Tax Act, 1961 ('the Act') claimed in the return of income and as mentioned in Form-3CD.

The assessee carried the matter in appeal before the Ld.CIT(A). The Ld.CIT(A), referring to the return of income, the tax audit report and the intimation u/s. 143(1)(a)(iv) of the Act, noted that the claim of deduction was not supported by tax audit report and where the tax auditor has wrongly reported the same, the appellant should have obtained and uploaded the revised tax audit report. The appellant was directed to upload the revised tax audit report in e-filing portal and a copy thereof was asked to be submitted which the assessee failed to upload, however, a physical copy of revised tax audit report was submitted. Thereafter, the Ld.CIT(A) has gone ahead and dismissed the appeal of the assessee holding that the manual tax audit report submitted by the assessee cannot be treated as reliable document and Rule 6G of the Income Tax Rules, 1962 ('the Rules') have been amended and the assessee could have

uploaded a revised tax audit report and since the same has not happened, the ground of appeal so taken by the assessee was dismissed and the relevant findings reads as under:

*“Grounds No. 2: I find that the Appellant has uploaded a Tax Audit Report in the e-filing portal and the CPC has rightly added the Interest paid to partners as the Tax Auditor has mentioned that the same is NOT AN ALLOWABLE expenditure. In a number of cases it is seen that in the Partnership Deed it is written as No Interest is payable to the Partners, In that case the Tax Auditor rightly mentions that the amount is not allowable u/s 40(b)(iv) of the Income Tax Act, 1961 which is as under.-*

*(iv) any payment of interest to any partner which is authorised by, and is in accordance with, the terms of the partnership deed and relates to any period falling after the date of such partnership deed in so far as such amount exceeds the amount calculated at the rate of twelve per cent simple interest per annum, or*

*On specific query, the Appellant failed to upload a Revised Tax Audit Report in the E-filing Portal under Rule 6G(3) for which specific request has been made in the notice u/s 250 as above in Para E1, 2.2, which the Appellant has failed. Now in digital era, the documents which are uploaded in the system- E-filing portal is to be treated as the document on which reliance can be made as the same has been filed in accordance with law. Any such manual document prepared for filing in the Bank, can't be treated as a reliable document as if later it is found that the document is a fake one, no action can be taken as the document not law-fully filed. Rule 6G of the Income Tax Rules, 1962 has been amended and the Appellant could have uploaded a Revised Tax Audit Report mentioning the same as an allowable expenditure if it was as per the Partnership Deed. Hence, the Ground no 2 is DISMISSED.”*

3. During the course of hearing, the Ld. AR submitted that in the Tax Audit Report filed for A.Y. 2023-24, the amount of interest was disclosed in the admissible column only. However, while uploading the Tax Audit Report, the amount got disclosed in the inadmissible column and neither the Tax Auditor nor the assessee was aware about the glitch because of which due to oversight the report was approved by the assessee as well. It was submitted that the Tax Auditor has also submitted a signed hard copy of the Tax Audit Report to the assessee for submission of the same to the banks and in that report, the amount of Interest paid to partners is

correctly disclosed in the admissible column. It was further submitted that though a physical copy of the revised tax audit report was submitted before the Ld.CIT(A), however, the assessee was not aware that a revised tax audit report can be uploaded on the Income Tax portal and the same has since been done and a revised tax audit report has been submitted on 08-04-2025. Further, reference was drawn to the partnership deed and it was submitted that the claim of interest u/s. 40(b) of the Act is duly supported by the partnership deed which provides for payment of interest to the partners. It was accordingly submitted that necessary relief be provided to the assessee by deleting the adjustment made by the CPC and confirmed by the Ld.CIT(A).

4. The Ld. DR was heard, who has relied on the order of the Ld.CIT(A).

5. We have heard the rival contentions and perused the material available on record. We find that since the assessee has already uploaded the revised tax audit report on 08-04-2025, the same can be taken into consideration and the matter is accordingly set aside to the file of the AO to take into consideration the revised tax audit report and where the claim of interest u/s. 40(b) of the Act is found to be in order, the same is directed to be allowed and necessary relief be provided to the assessee.

6. In the result, the appeal filed by the assessee is allowed for statistical purposes.

Order pronounced in the open court on 12-06-2025

Sd/-

[ANIKESH BANERJEE]  
JUDICIAL MEMBER

Mumbai, Dated: 12-06-2025

TNMM

Sd/-

[VIKRAM SINGH YADAV]  
ACCOUNTANT MEMBER

Copy to :

- 1) The Appellant
- 2) The Respondent
- 3) The CIT concerned
- 4) The D.R, ITAT, Mumbai
- 5) Guard file

By Order

Dy./Asst. Registrar  
I.T.A.T, Mumbai