

IN THE INCOME TAX APPELLATE TRIBUNAL, RANCHI BENCH, RANCHI

BEFORE SHRI GEORGE MATHAN, JUDICIAL MEMBER AND
SHRI RATNESH NANDAN SAHAY, ACCOUNTANT MEMBER

ITA No. 207/Ran/2023
(Assessment Year-2017-18)
(Virtual Hearing)

Rajendra Kumar Samad, Dipasai, Kharswan, Saraikela-833216 (Jharkhand) PAN No. FIOPS 6380 C	Vs.	I.T.O., Ward 2(4), Jamshedpur.
Appellant/ Assessee		Respondent/ Revenue

Assessee represented by	Shri Akshay Ringasia, A.R..
Department represented by	Shri Khubchand T. Pandya, Sr.DR
Date of hearing	20/05/2025
Date of pronouncement	20/05/2025

ORDER

PER: BENCH

1. This appeal by the assessee is directed against the order of National Faceless Appeal Centre (NFAC), Delhi/learned Commissioner of Income Tax (Appeals) (in short, the Id. CIT(A)) dated 09/09/2021 for the A.Y. 2017-18. In this appeal, the assessee has raised following grounds of appeal:

- "1. That the Id. Lower authorities have erred in levying interest under Section 234 A/B/C of INR 4,28,456/- even after recognizing that there was no tax liability/demand that arose on returned/assessed income.
2. That the Ld. Lower authorities have erred in levying interest under section 234 A/B/C in direct violation of the provisions of the Act which provides no interest is leviable in case of no tax liability.
3. That the Ld. Lower authorities have erred in levying interest under Section 234 A/B/C in direct violation of the judgment of Hon'ble Supreme Court.
4. That your assessee craves to add, delete or modify any grounds of appeal in the course of hearing."

2. Facts of the case, in brief, are that the assessee has e-filed the return of income for the assessment year under consideration on a total income of Rs. 58,86,450/-. The case was selected for scrutiny under CASS on the reason

"Large relief claimed u/s 89". Statutory notices under Section 143(2) and 142(1) of the Income Tax Act, 1961 (in short, the Act) were issued and necessary compliances were made by the assessee. The assessee is a salaried persons and draws salary from the District Education Office, Saraikela-Kharswan under Government of Jharkhand. During the course of assessment proceedings, documents such as salary statement, Form No. 16, Form No. 26AS, computation of income, return of income and Form No. 10E for claiming exemption under Section 89 have been test checked by the Assessing Officer and was found to be correct. The Assessing Officer, therefore, accepted the returned income as declared by the assessee and the income shown by the assessee was accepted. The Assessing Officer further noted in the assessment order that credit of prepaid taxed are given, charged interest as per law.

3. Aggrieved by the order of Assessing Officer, the assessee filed appeal before the Id. CIT(A) and raised the ground that the interest charged under Section 234A, 234B and 234C by the Assessing Officer was incorrect and illegal because interest is to be calculated on the tax payable and since in the instant case, not only entire tax is already paid by the appellant but also claim of refund was there, hence, there is no question of adding interest on the gross tax liability. The Id. CIT(A) considered the grounds raised by the appeal, dismissed the appeal of the assessee on the ground that the interest under Section 234A, 234B and 234C is calculated irrespective of the fact that whether the appellant has claimed refund or not. The claim of refund made by the appellant was due to the fact that interest under Section 234A, 234B and 234C was not charged.

4. Aggrieved by the order of Id. CIT(A), this appeal has been preferred by the assessee before the Tribunal. During the course of appellate proceedings, the Id. AR of the assessee reiterated before the Bench that the interest under Section 234A, 234B and 234C of the Act should not be charged and the assessee was entitled to get refund as claimed by him. The Id. AR of the assessee in his submission also referred to the provisions of the Act as provided under Section 234A, 234B and 234C of the Act and finally made a prayer that since no interest is leviable under the said Sections and entire tax liability is already covered by way of payment of TDS, no further tax was payable by the appellant.
5. On the submission made by the Id. AR of the assessee, the Id. Sr.DR of the revenue was asked by the Bench to seek a report from the concerned Assessing Officer to reconsider the claim of the assessee regarding the chargeability of interest under Section 234A, 234B and 234C of the Act. The Id. Sr.DR for the revenue in his reply dated 30/04/2025 submitted a report from the Assessing Officer dated 30/04/2025 which is quoted as under:

"With reference to the above, it is submitted that after going through the assessment order it is seen that relief of Section 89 had been granted and credit of TDS amounting to Rs. 5,68,775/- had also been given. The system is wrongly calculated interest u/s 234A, 234B & 234C during passing the assessment order.

In this regard, it is found that the calculation of interest u/s 234A, 234B & 234C should not be charged during passing the assessment order u/s 143(3) of the I.T. Act. The above charged interest u/s 234A, 234B & 234C can be reduced to nil by passing the rectification order u/s 154 of the Income-tax Act."

6. We have considered the facts of the case, provisions of law and the submissions made by both the parties. Since the Assessing Officer in his report has accepted that no interest under Section 234A, 234B and 234C is chargeable in this case, the matter ends here and the Assessing Officer is directed to recalculate the interest charged under Section 234A, 234B and 234C of the Act and after giving the credit of TDS, raise a fresh demand notice, if any, to the appellant. In the result, grounds of appeal raised by the assessee are allowed.
7. In the result, this appeal of assessee is allowed.

Order announced in open court on 20th May, 2025.

Sd/-
(GEORGE MATHAN)
JUDICIAL MEMBER
Ranchi, Dated:30/05/2025

**Ranjan*

Copy to:

1. Assessee
2. Revenue
3. CIT
4. DR
5. Guard File

Sd/-
(RATNESH NANDAN SAHAY)
ACCOUNTANT MEMBER

By order

Sr. Private Secretary, ITAT, Ranchi