

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

**BEFORE SHRI INTURI RAMA RAO, AM
AND SHRI PRAKASH CHAND YADAV, JM**

**ITA Nos. 529 to 533/Coch/2023
AYs: 2000-01, 2021-02, 2007-08, 2010-11 & 2020-21**

The Federal Bank Ltd. Appellant
PB No. 103, Federal Towers, Aluva 683101
[PAN: AABCT0020H]

vs.

ACIT, Corporate Circle-2(1), Kochi Respondent

Appellant by: Shri K. Gopi, CA
Respondent by: Shri Sundarasan S., CIT-DR

Date of Hearing: 27.05.2025
Date of Pronouncement: 25.06.2025

ORDER

Per: Inturi Rama Rao, AM

These appeals filed by the assessee are directed against different orders of the National Faceless Appeal Centre, Delhi [CIT(A)] dated 18.05.2023 for Assessment Years (AY) 2000-01, 2021-02, 2007-08, 2010-11 & 2020-21, respectively,

2. Since identical issues and facts are involved in these appeals, they are heard together and disposed of by this common order.

3. For the sake of convenience and clarity the facts relevant to the appeal bearing ITA No. 529/Coch/2023 for AY 2000-01 are stated herein.

4. Brief facts of the case are that the appellant is a private scheduled bank. The return of income for AY 2000-01 was filed on 28.11.2000 declaring income of Rs. 2,30,87,400/- and the same was revised at an income of Rs. 2,61,44,880/-. Subsequently, reassessment was completed vide order dated 31.01.2003 passed u/s. 143(3) r.w.s. 147 of the Income Tax Act, 1961 (the Act) at a total income of Rs. 1,63,03,51,760/-. The said order was appealed against before the CIT(A), who vide order dated 04.03.2004 partly allowed the appeal. On further appeal before this Tribunal, this Tribunal vide order dated 16.10.2006 allowed the appeal. The order giving effect to the order of the Tribunal was passed on 13.03.2017, wherein the total income was determined at Rs. 4,73,69,520/- and also refund of Rs. 12,01,79,596/- was determined to be payable to the appellant. Subsequently, the said order was rectified u/s. 154 of the Act vide order dated 09.07.2018 redetermining the refund at Rs. 38,33,09,012/- including interest u/s. 244A of the Act. The said refund was subsequently adjusted against the pending demands of other assessment years on 11.03.2019.

5. On receipt of the said order u/s. 154 of the Act the appellant filed application u/s. 154 seeking rectification of the mistake, in calculation of interest u/s. 244A vide application dated 17.09.2018. In nutshell, it is the contention of the appellant that interest u/s. 244A was not granted in respect of interest component u/s. 244A included in the refund due till date of actual payment in the amount of refund determined vide order dated 09.07.2018. However, the

contentions of the appellant were rejected by the AO vide order dated 23.06.2020 passed u/s. 154 of the Act.

6. Being aggrieved, an appeal was filed before the CIT(A), who vide the impugned order confirmed the action of the AO placing reliance on the decisions of the Hon'ble Supreme Court in the case of CIT v. Gujarat Fluoro Chemicals [2014] 358 ITR 291 and in the case of CIT v. H.E.G. Ltd. [2010] 324 ITR 331 by holding that the appellant is not entitled for interest on interest.

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

8. The learned counsel for the assessee submitted that the appellant is entitled for interest u/s. 244A of the Act even on interest granted u/s. 244A of the Act. In support of this he placed reliance on the following decisions: -

- i) Union of India v. Tata Chemicals Ltd. [2014] 363 ITR 658
- ii) Union Bank of India v. ACIT [2016] 52 ITR(T) 221 (Mum)
- iii) Tata Sons (P.) Ltd. v. DCIT [2024] 204 ITD 802 (Mum)

9. On the other hand, the CIT-DR submits that the order passed by the CIT(A) is in consonance with the law laid down by the Hon'ble Apex Court in the case of CIT v. Gujarat Fluoro Chemicals [2014] 358 ITR 291, therefore, no interference is called for.

10. We have heard the rival contentions and perused the material available on record. The issue that arises for our determination is

with regard to computation of amount of eligible interest on refund due to the appellant bank. The amount of refund was determined pursuant to the consequential order passed to the order ITAT order. The amount of refund determined by the AO undisputedly includes the interest determined u/s. 244A of the Act pursuant to the earlier order passed by the AO. While determining the amount of refund, it appears that the AO had not granted interest on the component of interest u/s. 244A perhaps by holding the opinion that the assessee is not entitled for interest on interest in view of the decision of the Hon'ble Supreme Court in the case of Gujarat Fluoro Chemicals (supra). Section (1A) was inserted by the Parliament by Finance Act, 2016 w.e.f. 01.06.2016 governing grant of interest in such situations. The term 'refund' includes the interest earlier granted u/s. 244A of the Act as interpreted by the courts in the context of earlier provisions of sections 243 and 244 of the Act. In the light of this statutory provision it appears that the AO had not taken cognizance of the latest provisions of law while disposing the application filed by the appellant. The decision of the Hon'ble Supreme Court in the case of Sandvik Asia Ltd. v. CIT [2006] 280 ITR 331 (SC) has no application to the facts of the case. Therefore, we are of the considered opinion that the matter requires remand. The AO is directed to dispose of the application filed by the appellant u/s. 154 of the Act taking into consideration the statutory provisions of section 244(1A) of the Act, which are undoubtedly applicable, since

the order u/s. 154 was passed after insertion of sub-section (1A) of the Act. Accordingly, the matter is set aside to the file of the AO.

11. In the result, the appeal of the assessee stands partly allowed.

12. Since identical issues and facts are involved in assessee's other appeals, our findings in ITA No. 529/Coch/2025 shall apply mutatis mutandis to these appeals also.

13. In the result, the appeals filed by the assessee stand partly allowed.

Order pronounced in the open court on 25th June, 2025.

Sd/-
(PRAKASH CHAND YADAV)
JUDICIAL MEMBER

Sd/-
(INTURI RAMA RAO)
ACCOUNTANT MEMBER

Cochin, Dated: 25th June, 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