

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH “E”, DELHI**

**BEFORE SH. S. RIFAUR RAHMAN, ACCOUNTANT MEMBER
AND
SH. SUDHIR KUMAR, JUDICIAL MEMBER**

ITA No.1027/DEL/2022
Assessment Year: 2013-14

Medsave Health Insurance TPA Limited, F-701A, Lado Sarai, NewDelhi-110030 PAN No.AABCS8148 M	Vs.	ACIT CPC TDS Ghaziabad
(APPELLANT)		(RESPONDENT)

Appellant by	Sh. Sahil Sharma, Advocate
Respondent by	Sh. Dheeraj Kumar Jain, Sr.DR

Date of hearing:	12/08/2025
Date of Pronouncement:	20/08/2025

ORDER

PER SUDHIR KUMAR, JUDICIAL MEMBER:

This appeal by the assessee is directed against the order of the Commissioner of Income Tax (Appeals)-27, Delhi [hereinafter referred to as “CIT(A)”] vide order dated 23.03.2022 pertaining to A.Y. 2013-14 arising out the assessment order dated 08.11.2016 u/s.154 of the Income Tax Act,1961, (in short ‘the Act’).

2. The assessee has raised the following grounds in appeal:

1. That the DCIT has failed to apply his mind to the facts and circumstances of the case and has in an arbitrary and ad hoc manner, suo moto levied interest on late payment of TDS and hence the impugned order is to be set aside.

2. That the order / intimation has been processed in a mechanical manner without considering the hardship and financial instability that the case assessee will go through which is against natural justice and the order/ intimation is to be struck down.

The assessee also raised the additional ground under rule 11 of the Income Tax (Appellate tribunal)rules 1963 as under :

3. The assessee has also raised following additional grounds of appeal :-

“That based on the facts and circumstances of the case and law, the quarterly rectification orders dated 08.11.2016 u/s. 154 of the Income Tax Act, 1961 are in gross violation of Sub-section (3) thereof, as the tax liability has been increased without providing an opportunity of being heard. Such action is also against the principles of natural justice and accordingly the impugned orders are liable to be set aside.”

4. The appeal was dismissed exparte on 29-03-2023 and restored on its original number by order dated 19-03-2025. The brief facts of the case are that the assessee company is a Third Party, Administrator for insurance companies and made payment to various hospitals under cashless scheme on behalf of such insurance companies. On the basis of computer generated, order/ intimation under section 154 of the Act, interest has been charged u/s 201(1A) of the Act for late payment of TDS by the assessee company.

5. Aggrieved the order of the CPC the assessee filed the appeal before the Ld. CIT(A), who vide his order dated 23-03-2022 dismissed the appeal, against which the assessee is in appeal before the Tribunal.

6. We have heard the ld. Authorized representative of the parties to the appeal and gone through the documents relied upon and order passed by the revenue authorities below. Ld. AR of the assessee submitted that the same issue was decided by the Co-ordinate Bench in the assessee's own case for A.Y. 2012-13 and matter remanded back to the AO for fresh adjudication. In the ITAT No 1916 /Del/2016 M/s Medsavas healthcare (TPA) Ltd. Vs. DCIT for A.Y. 2012-13 the Co-ordinate Bench held as under:-

"5. Bare perusal of para 4.7 of the impugned order passed by the ld. CIT (A) goes to prove that the ld. CIT (A) by taking notice of the fact that the assessee company is entitled to be heard to explain the computation of interest u/s 201(1A) and consequently directed the AO to proceed in the matter. For facility of reference, para 4.7 of the impugned order passed by the Id. CIT (A) is reproduced as under :-

"4.7 It is seen that the intimation u/s 154 has been passed by CPC-TDS. The appellant has contended that the limitation has been processed in a mechanical manner without considering hardship

and financial instability that the assessee will go through. In my view, charging of interest u/s 201(1A) cannot be questioned on the basis of financial condition of the assessee and recovery of demand is consequential in nature. However, considering the special circumstances in view of the High Court order, appellant should get an opportunity to explain the computation of interest u/s 201(1A) before the AO. The AO is directed to give the appellant an opportunity to submit detailed calculation of taxes deducted and deposited and to charge interest as per law, after due verification of the same."

6. When undisputedly order / intimation has been passed u/s 154 by CPC-TDS in a mechanical manner without providing an opportunity of being heard to the assessee and thereby enhanced the tax liability of the assessee company, provisions contained u/s 154

(3) of the Act are attracted making it obligatory on the part of the Revenue to provide an opportunity of being heard to the assessee company. So, in these circumstances, impugned order passed by the ld. CIT (A) is not sustainable in the eyes of law and consequently file is ordered to be remanded to AO to decide afresh after providing an opportunity of being heard to the assessee company.

7. Resultantly, the appeal filed by the assessee stands allowed for statistical purposes.”

7. In the present case the intimation has been passed u/s 154 of the Act by CPC -TDS in a mechanical manner without providing an opportunity of being heard to the assessee and hereby enhanced the tax liability of the assessee company. Respectfully following the decision of the assessee's own case, we therefore, ordered to be remanded the matter to AO to decide afresh after providing an opportunity of being heard to the assessee company.

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

Order pronounced in the open court on 20.08.2025.

Sd/-

(S. RIFAUR RAHMAN)
ACCOUNTANT MEMBER

Neha, Sr. PS

Date: 20.08.2025

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

Sd/-

(SUDHIR KUMAR)
(JUDICIAL MEMBER)

ASSISTANT REGISTRAR
ITAT DELHI