

**IN THE INCOME TAX APPELLATE TRIBUNAL  
ALLAHABAD BENCH, ALLAHABAD**

**BEFORE SHRI SUBHASH MALGURIA, JUDICIAL MEMBER  
AND  
SHRI NIKHIL CHOUDHARY, ACCOUNTANT MEMBER**

I.T.A. No.62/Alld/2024  
Assessment Year:2017-18

Career Coaching (Alld) Private Limited, 13, Kamla Nehru Road, Civil Lines, Allahabad PAN:AACCC4118Q	Vs.	Dy./A.C.I.T., Range-2, Allahabad
(Appellant)		(Respondent)

Appellant by	None
Respondent by	Shri A. K. Singh, Sr. D.R.
Date of hearing	07/08/2025
Date of pronouncement	25/08/2025

**ORDER**

**PER SUBHASH MALGURIA, J.M.**

This appeal vide I.T.A. No.62/Alld//2024 has been filed by the assessee against the impugned appellate order dated 01/03/2024 [DIN & Order No.ITBA/NFAC/S/250/2023-24/1061865164(1)] of learned Commissioner of Income Tax (Appeals).

2. The facts of the case, in brief, are that the assessee company is engaged in the activity of running an educational institution, organizing class for competitive courses and other higher education programmes. The assessee company has e-filed its return of income, declaring total income of Rs.1,67,91,650/-. The case of the assessee was selected for complete scrutiny through CASS for the reason that the assessee has reported higher turnover in service tax return as compared to ITR and abnormal increase in cash deposits during demonetization period as compared to pre-demonetization period. During the financial year under demonetization period i.e. from 09/11/2016 to 30/12/2016, the assessee company has deposited cash in the banks but it was not shown in the ITR. The assessee submitted in its reply before the Assessing Officer that it has deposited cash of Rs.1,08,22,500/- during demonetization period as the company had closing cash in hand as on 08/11/2019 at Rs.1,12,22,500/-. The assessee has shown business receipt of Rs.19,07,14,816/-. The Assessing Officer noted that assessee has paid Rs.35,42,925/- under other expenses for interest on service tax, income tax and TDS and has also paid Rs.4,99,144/- for rate, tax and penalty. The assessee company has paid Rs.2,40,000/- as penalty and Rs.26,191/- as interest for service tax. The Assessing Officer completed the assessment u/s 143(3) of the Act and determined the total income of the assessee at Rs.2,04,35,613/-. In the aforesaid assessment order, the Assessing Officer made addition of Rs.33,77,772/- and Rs.2,66,191/-. Aggrieved, the assessee carried the matter in appeal before the learned CIT(A) who has dismissed the appeal of the assessee. Being aggrieved further, the assessee is in appeal before the Income Tax Appellate Tribunal.

3. During the course of hearing in Income Tax Appellate Tribunal, none was present on behalf of the assessee. Since there was no representation from assessee's side, learned D.R. for Revenue was heard and the materials on record were perused. During the course of assessment proceedings, the assessee has submitted that Rs.35,42,925/- is the combined amount of expenses relating to service tax, TDS and interest on delayed payment of taxes. For delayed payment of service tax, interest of Rs.13,58,991/- and penalty of Rs.2,08,852/- was paid. For delayed payment of TDS, interest of Rs.10,94,582/- and penalty of Rs.7,15,347/- was paid. The assessee submitted before the Assessing Officer that these expenses are for business expediency and may be allowed. Learned D.R., on the other hand, supported the orders of the authorities below and placed heavy reliance on the following case laws:

1. Bharat Commerce & Industries Ltd. vs. CIT [1998] 230 ITR 733
2. Aruna Mills Ltd. vs. CIT [1957] 31 ITR 153
3. Orient General Industries Ltd. vs. CIT [1994] 209 ITR 490 (Cal)
4. Assam Forest Products (P.) Ltd. vs CIT [1989] 180 ITR 478

5. We have heard the rival parties and have gone through the material placed on record. In the written submissions, filed before the learned CIT(A), the assessee has conceded that out of total disallowance of Rs.33,77,772/- and Rs.2,66,191/-, disallowance of Rs.4,48,852/- was not disputed being in the nature of penalty. The case law, relied by learned D.R. for Revenue in the case of Bharat Commerce & Industries Ltd. (supra), the Hon'ble Supreme Court has ruled that interest paid for delay in furnishing ITR and advance tax is not deductible, as business expenditure. While passing the above order, Hon'ble Supreme Court has cited many instances of High Court judgments where interest paid on advance tax/income tax has been disallowed. In the case of Aruna Mills (supra),

Hon'ble Bombay High Court has observed that it was difficult to understand how, when a business man commits default in discharging his statutory obligation, the consequences of that default could constitute an expenditure exclusively incurred for the purpose of his business. In the case of Orient General Industries Ltd. (supra), relied on by learned D.R., Hon'ble Calcutta High Court has held that interest paid for delay in filing the income tax return has no connection with the business of the assessee. In view of the aforesaid, we are of the considered opinion that learned CIT(A) has rightly confirmed the disallowance on account of interest paid on delay in payment of services tax, interest paid on delay in depositing amount of TDS, additional fees on delay in filing of TDS returns and interest paid for service tax. Accordingly, the total disallowance of Rs.36,43,963/- made by the Assessing Officer and confirmed by learned CIT(A) is sustained.

6. In the result, the appeal of the assessee is dismissed.

(Order pronounced in the open court on 25/08/2025)

Sd/.  
**(NIKHIL CHOUDHARY)**  
**Accountant Member**

Sd/.  
**(SUBHASH MALGURIA)**  
**Judicial Member**

Dated:25/08/2025

\*Singh

**Copy of the order forwarded to :**

1. The Appellant
2. The Respondent
3. Concerned CIT
4. D.R. ITAT, Allahabad