

**IN THE INCOME TAX APPELLATE TRIBUNAL
'C' BENCH: CHENNAI**

**BEFORE HON'BLE SHRI GEORGE GEORGE K, VICE PRESIDENT AND
HON'BLE SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER**

**ITA No.2966/Chny/2025
Assessment Years: 2018-19**

**Vivid Weaves,
No.374, 22nd Cross Street,
Ashtalakshmi Nagar,
Alapakkam,
Chennai-600 116.
[PAN: AALFV7593E]**

**Income Tax Officer,
Non-Corporate Ward-8(2),
Chennai.**

**Appellant)
Assessee by
Revenue by**

Respondent
: Mr.G.Tarun, Advocate.
: Ms.R.Anitha, Addl.CIT

Date of Hearing : 17.12.2025
Date of Pronouncement : 30.12.2025

ORDER

PER INTURI RAMA RAO, A.M :

This appeal filed by the assessee against the order of the NFAC (herein after called CIT(A)' in short], Delhi, dated 01.09.2025 for AY-2018-19.

2.0 Briefly, the facts of the case are the appellant - Vivid Weaves is a is a partnership firm engaged in the business of manufacture of garments and textiles. The appellant firm filed return of income for the assessment year 2018-19 on 16.10.2018 disclosing a business loss of Rs.3,23,609/-. Against the said return of income, the assessment was completed by Income Tax Officer, Non-Corporate Ward-8(2), Chennai vide order 03.03.2021 passed u/s 143(3) at a total income of Rs.2,40,760/-. While doing so, the

AO made additions of contribution to PF of Rs.5,64,369/- by holding that the appellant firm had not claimed deduction towards the expenditure on salaries and wages and accordingly, concluded that the contribution to the PF is in excess of the limits prescribed under the provisions Rule-87 of the Income Tax Rules, 1962. Being aggrieved, an appeal was filed before the CIT(A), who vide the impugned order confirmed the action of the AO. Hence, the appellant firm is in appeal before us in the present appeal.

3.0 The Ld.AR submits that the expenditure incurred on salaries and wages was wrongly shown under head "bonus" in the column-14 of the return of the income. He further submits that the information contained in the return of income can always be verified by the AO, especially when the case was taken up for scrutiny assessment. The CIT(A) blindly accepted the contentions of the appeal without looking to the submissions made by the appellant.

4.0 On the other hand, the Ld.Sr.DR supports the order of lower authorities.

5.0 We heard the rival submissions and perused the material on record. The issue that arises for our consideration whether the CIT(A) was justified in confirming the disallowance of contribution to the PF. On perusal of the assessment order, it would reveal that the AO made addition on account of claim for deduction of contribution to the PF solely on the ground that there was no claim for deduction of expenditure on salaries and wages. Accordingly concluded that the contribution PF is in excess of the limits prescribed under Rule-87 of the Income Tax Rules. However, the

contention of appellant that the expenditure on salaries and wages was wrongly shown under head "bonus". It is undisputed that the appellant had shown an amount of Rs.78,48,040/- under the head "bonus", whereas the amount shown under column "salaries and wages" is Nil. It is not possible to incur an expenditure on bonus without incurring expenditure on "salaries and wages". This would have triggered the AO to enquire into the genuineness of the claim for deduction of "Salaries and wages" which the AO had failed to do so. Therefore, in the interest of justice, we remand the matter back to the file of the AO to examine the claim of the appellant in accordance with the law after affording an opportunity of being heard to the appellant. Hence, the appeal of the assessee stands partly allowed for statistical purposes.

6.0 In this result, the appeal of the assessee is partly allowed for statistical purposes.

Order pronounced on 30th, December-2025 at Chennai.

Sd/-

(GEORGE GEORGE K)

Vice president

Chennai, Dated: 30th, December-2025.

KB/-

Sd/-

(INTURI RAMA RAO)

Accountant Member

Copy to:

1. Appellant
2. Respondent
3. CIT - Chennai/Coimbatore/Madurai/Salem.
4. DR
5. GF