



IN THE INCOME TAX APPELLATE TRIBUNAL
PUNE BENCHES "B", PUNE

BEFORE DR.MANISH BORAD, ACCOUNTANT MEMBER
AND SHRI VINAY BHAMORE, JUDICIAL MEMBER

आयकर अपील सं. / ITA No.2450/PUN/2025
Assessment Year : 2024-25

Satara Engineering Projects and Equipments Private Limited, L-15/3, Additional MIDC Area, Satara-415004, Maharashtra PAN : ABGCS2766M	Vs.	DCIT, Satara Circle, Satara
Appellant		Respondent

Appellant by	:	Shri Ashwani Kumar & Mrs. Deepali Aggarwal
Respondent by	:	Shri Ganesh B. Budruk
Date of hearing	:	18.12.2025
Date of pronouncement	:	06.01.2026

आदेश / ORDER

PER DR. MANISH BOARD, ACCOUNTANT MEMBER :

The captioned appeal at the instance of assessee pertaining to A.Y. 2024-25 is directed against the order dated 25.08.2025 framed by Id. Addl/JCIT(A)-1, Ahmedabad arising out of Intimation order dated 04.03.2025 passed u/s.143(1) of the Income Tax Act, 1961 (in short 'the Act').

2. Assessee has raised following grounds of appeal :

"1. That order passed u/s 250 by the Learned Additional Commissioner of Income Tax (Appeals)-1, Ahmedabad is against law and facts on the file in as much as Learned Additional CIT(A) was not justified to uphold the action of Centralized Processing Centre, Bengaluru in arbitrarily computing tax @ 22% u/s.115BAA instead of concessional rate of tax @ 15% w/s 115BAB.



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2. That Learned Additional Commissioner of Income Tax (Appeals) gravely erred in rejecting the grounds of appeal raised by the appellant without adjudicating on the relevant issues submitted during the course of hearing of appeal.

3. That the Appellant craves to add, amend, alter, modify OR DELETE any OR all of the grounds of appeal before OR at the time of hearing.”

3. At the outset, ld. Counsel for the assessee submitted that assessee has opted for the concessional rate of tax @15% u/s.115BAB for the first time at the time of filing return of income for A.Y. 2023-24 and such option exercised by the assessee on the prescribed form has been accepted by the Revenue authorities. Reference was made to the order of ld.CIT(A) 19.08.2025 u/s.250 of the Act for A.Y. 2023-24 accepting the claim of assessee exercising the valid option for concessional rate of tax 115BAB of the Act and the assessee being liable to tax @15%. He submitted that for the subsequent period the assessee is not required to exercise option again because as per section 115BAB(viii) of the Act the option once exercised shall apply to subsequent assessment years and therefore the CPC grossly erred in not calculating the tax liability of the assessee as per section 115BAB of the Act and has arbitrarily computed tax @22% u/s.115BAA of the Act. Ld. CIT(A) has further erred in not considering the assessee being eligible u/s.115BAA of the Act also.

4. On the other hand, ld. Departmental Representative supported the order of ld.CIT(A).

5. We have heard the rival contentions and perused the record placed before us. We observe that the assessee is a Private Limited company and it filed return of income for A.Y.



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2024-25 on 31.12.2024 which is beyond the due date prescribed u/s.139(1) of the Act. The assessee in the said return has claimed for concessional rate of tax @15% u/s.115BAB of the Act but the CPC while processing the return on 04.03.2025 has computed tax liability @22% u/s.115BAA of the Act. We note that section 115BAB of the Act has a direct bearing on the issue in the instant appeal and the same is reproduced below :

“Tax on income of new manufacturing domestic companies.

115BAB. (1) Notwithstanding anything contained in this Act but subject to the provisions of this Chapter, other than those mentioned under section 115BA and section 115BAA, the income-tax payable in respect of the total income of a person, being a domestic company, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2020, shall, at the option of such person, be computed at the rate of fifteen per cent, if the conditions contained in sub-section (2) are satisfied:

Provided that where the total income of the person, includes any income, which has neither been derived from nor is incidental to manufacturing or production of an article or thing and in respect of which no specific rate of tax has been provided separately under this Chapter, such income shall be taxed at the rate of twenty-two per cent and no deduction or allowance in respect of any expenditure or allowance shall be allowed in computing such income:

Provided further that the income-tax payable in respect of the income of the person deemed so under second proviso to sub-section (6) shall be computed at the rate of thirty per cent:

Provided also that the income-tax payable in respect of income being short term capital gains derived from transfer of a capital asset on which no depreciation is allowable under the Act shall be computed at the rate of twenty-two per cent:

Provided also that where the person fails to satisfy the conditions contained in sub-section (2) in any previous year, the option shall become invalid in respect of the assessment year relevant to that previous year and subsequent assessment years and other provisions of the Act shall apply to the person as if the option had not been exercised for the assessment year relevant to that previous year and subsequent assessment years.

(2) For the purposes of sub-section (1), the following conditions shall apply, namely:—



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(a) *the company has been set-up and registered on or after the 1st day of October, 2019, and has commenced manufacturing or production of an article or thing on or before the 31st day of March, 2024 and,—*

(i) *the business is not formed by splitting up, or the reconstruction, of a business already in existence:*

Provided that this condition shall not apply in respect of a company, business of which is formed as a result of the re-establishment, reconstruction or revival by the person of the business of any such undertaking as is referred to in section 33B, in the circumstances and within the period specified in the said section;

(ii) *does not use any machinery or plant previously used for any purpose.*

Explanation 1.—For the purposes of sub-clause (ii), any machinery or plant which was used outside India by any other person shall not be regarded as machinery or plant previously used for any purpose, if the following conditions are fulfilled, namely:—

(A) *such machinery or plant was not, at any time previous to the date of the installation used in India;*

(B) *such machinery or plant is imported into India from any country outside India; and*

(C) *no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period prior to the date of the installation of machinery or plant by the person.*

Explanation 2.—Where in the case of a person, any machinery or plant or any part thereof previously used for any purpose is put to use by the company and the total value of such machinery or plant or part thereof does not exceed twenty per cent of the total value of the machinery or plant used by the company, then, for the purposes of sub-clause (ii) of this clause, the condition specified therein shall be deemed to have been complied with;

(iii) *does not use any building previously used as a hotel or a convention centre, as the case may be, in respect of which deduction under section 80-ID has been claimed and allowed.*

Explanation.—For the purposes of this sub-clause, the expressions "hotel" and "convention centre" shall have the meanings respectively assigned to them in clause (a) and clause (b) of sub-section (6) of section



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80-ID;

- (b) *the company is not engaged in any business other than the business of manufacture or production of any article or thing and research in relation to, or distribution of, such article or thing manufactured or produced by it.*

Explanation.—For the removal of doubts, it is hereby clarified that the business of manufacture or production of any article or thing referred to in clause (b) shall not include business of,—

- (i) *development of computer software in any form or in any media;*
 - (ii) *mining;*
 - (iii) *conversion of marble blocks or similar items into slabs;*
 - (iv) *bottling of gas into cylinder;*
 - (v) *printing of books or production of cinematograph film;*
or
 - (vi) *any other business as may be notified by the Central Government in this behalf; and*
- (c) *the total income of the company has been computed,—*

- (i) *without any deduction under the provisions of section 10AA or clause (ia) of sub-section (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (ia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or sub-section (2AB) of section 35 or section 35AD or section 35CCC or section 35CCD or under any provisions of Chapter VI-A other than the provisions of section 80JJAA or section 80M;*
- (ii) *without set-off of any loss or allowance for unabsorbed depreciation deemed so under section 72A where such loss or depreciation is attributable to any of the deductions referred to in sub-clause (i).*

Explanation.—For the removal of doubts, it is hereby clarified that in case of an amalgamation, the option under sub-section (7) shall remain valid in case of the amalgamated company only and if the conditions contained in sub-section (2) are continued to be satisfied by such company; and

- (iii) *by claiming the depreciation under the provision of section 32, except clause (ia) of sub-section (1) of the said section, determined in such manner as may be prescribed.*

Explanation.—For the purposes of clause (b), the "business of manufacture or production of any article or thing" shall include the business of generation of electricity.

- (3) *The loss referred to in sub-clause (ii) of clause (c) of sub-section (2) shall be deemed to have been given full effect to and no further deduction for such loss shall be allowed for any subsequent year.*



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(4) If any difficulty arises regarding fulfilment of the conditions contained in sub-clause (ii) or sub-clause (iii) of clause (a) of sub-section (2) or clause (b) of said sub-section, as the case may be, the Board may, with the approval of the Central Government, issue guidelines for the purpose of removing the difficulty and to promote manufacturing or production of article or thing using new plant and machinery.

(5) Every guideline issued by the Board under sub-section (4) shall be laid before each House of Parliament, and shall be binding on the person, and the income-tax authorities subordinate to it.

(6) Where it appears to the Assessing Officer that, owing to the close connection between the person to which this section applies and any other person, or for any other reason, the course of business between them is so arranged that the business transacted between them produces to the person more than the ordinary profits which might be expected to arise in such business, the Assessing Officer shall, in computing the profits and gains of such business for the purposes of this section, take the amount of profits as may be reasonably deemed to have been derived therefrom:

Provided that in case the aforesaid arrangement involves a specified domestic transaction referred to in section 92BA, the amount of profits from such transaction shall be determined having regard to arm's length price as defined in clause (ii) of section 92F:

Provided further that the amount, being profits in excess of the amount of the profits determined by the Assessing Officer, shall be deemed to be the income of the person.

(7) Nothing contained in this section shall apply unless the option is exercised by the person in the prescribed manner on or before the due date specified under sub-section (1) of section 139 for furnishing the first of the returns of income for any previous year relevant to the assessment year commencing on or after 1st day of April, 2020 and such option once exercised shall apply to subsequent assessment years:

Provided that once the option has been exercised for any previous year, it cannot be subsequently withdrawn for the same or any other previous year.

Explanation.—For the purposes of section 115BAA and this section, the expression "unabsorbed depreciation" shall have the meaning assigned to it in clause (b) of sub-section (7) of section 72A."

6. Now before us, ld. Counsel for the assessee contended that in compliance to section 115BAB(7) assessee has first time opted for this concessional rate of tax u/s.115BAB of the Act in the return filed for A.Y. 2023-24. It was submitted within the prescribed time limit provided u/s.139(1) of the Act



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on Form No.10-ID stands filed on 24.10.2023. Copy placed at pages 34 and 35 of the paper book for A.Y. 2023-24 and CPC made similar addition against which the assessee preferred appeal before Id.CIT(A) and was able to succeed. Finding of Id.CIT(A) for A.Y. 2023-24 reads as under :

“7. Decision:

Appellant has raised 3 grounds of appeal.

7.1. Ground no. 1 & 2: The appellant is a private limited company engaged in manufacturing activities. The original return of income (ROI) for AY 2023-24 was filed on 24.10.2023 declaring income of Rs.2,03,22,160/- and opting for taxation under section 115BAB. Due to a clerical error, while filing the return, the appellant uploaded Form 10-IC (meant for Section 115BAA) instead of Form 10-ID (required under Section 115BAB). On the same date (24.10.2023), the appellant realized the error, filed the correct Form 10-ID, and also revised the return u/s 139(5) mentioning the correct acknowledgement number. Thereafter, the appellant again revised the ITR on 30.12.2023, in which validly claim the benefits for taxation under section 115BAB. The CPC, however, processed this return under section 143(1) on 21.05.2024, applying the tax rate of 22% under section 115BAA instead of 15% under section 115BAB. Although, an application for rectification under section 154 was also filed by the appellant, but CPC rejected it on 03.06.2024, upholding the earlier adjustment. Hence, the present appeal u/s 250(6).

7.1.1. I have carefully considered the grounds of appeal, written submissions, documents on record, the provisions of law, and the judicial precedents cited. The primary issue for adjudication is whether the CPC, Bengaluru, was justified in denying the concessional rate of 15% under section 115BAB of the Act and instead computing tax at 22% under section 115BAA, despite the appellant's clear and timely exercise of option for section 115BAB. It is clearly evident that the appellant filed its original return of income on 24.10.2023, well within the due date prescribed under section 139(1). Although, in this ITR, the appellant has clearly opted for taxation under section 115BAB. While filing the return, due to a clerical lapse, Form 10-IC (relevant for section 115BAA) was uploaded instead of Form 10-ID (relevant for section 115BAB). On realizing the mistake, the appellant immediately, on the same date (24.10.2023), filed the correct Form 10-ID and revised the return u/s 139(5) with the correct acknowledgement number. Again, in this ITR, the appellant has opted for taxation under section 115BAB. Thereafter, the appellant once again revised the ITR on 30.12.2023, in which the appellant has opted for taxation under section 115BAB. The CPC, while processing this return under section 143(1) on



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21.05.2024, applied the tax rate of 22% under section 115BAA instead of 15% under section 115BAB.

7.1.2. From the compliance point of view, both substantive and procedural requirements of section 115BAB(7) read with Rule 21AF stood complied with before the statutory deadline. The conditions under section 115BAB(2) include incorporation on or after 01.10.2019, commencement of manufacturing before 31.03.2024, non-usage of second-hand plant beyond prescribed limits, and waiver of certain exemptions/deductions. The appellant has demonstrated that all such conditions are satisfied. The only point of dispute relates to the inadvertent initial filing of an incorrect form, which was rectified promptly. It is well settled that substantive eligibility cannot be defeated by a minor procedural lapse, especially where intention is clear and compliance is completed within time.

7.1.3. Once an assessee has filed its original return within 139(1) and validly exercised the option by furnishing Form 10-ID within that time, the later revised return is only a curative step. Courts have consistently held that a revised return relates back to the original return (*Dhampur Sugar Mills Ltd. v. CIT 90 ITR 236 (All); Kumar Jagdish Chandra Sinha v. CIT 220 ITR 67 (SC)*). Even if the revised return falls after the 139(1) due date, that does not make the exercise of option "belated," because:

- The option was already exercised validly in the original return and Form 10-ID.
- The revised return does not create a fresh option; it merely corrects/updates acknowledgement details.
- CBDT Circular No. 29/2019 (on Section 115BA/BAA/BAB) emphasizes timely filing, but it does not nullify the original compliance merely because a later revised return was filed.

7.1.4. Further, on perusal of the intimation u/s 143(1) dated 21.05.2024, it is noted that CPC itself marked "Yes" against the query "Whether opted for section 115BAB," thereby acknowledging the appellant's choice of regime. However, while computing tax, CPC applied the rate of 22% u/s 115BAA instead of 15% u/s 115BAB. This contradictory approach amounts to a mistake apparent from record, rectifiable u/s 154. Yet, the rectification petition was summarily rejected on 03.06.2024 without appreciating this fundamental error. Several judicial pronouncements support the appellant's case, like:

- ITAT Chandigarh in *CEE ENN Estates Pvt. Ltd. (ITA No.1178/Chd/2024)* held that benefit of a concessional regime cannot be denied merely on account of procedural lapses when the intent is clear from return and computation. The ratio of *PCIT v. Wipro Ltd. (SC)* was distinguished as



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applicable only to exemption provisions, not concessional tax regimes.

- *ITAT Ahmedabad in Arun Gopilal Samnani (ITA No.2082/Ahd/2024) ruled that once the option for a concessional regime was exercised in earlier year and intent was clear, denial in a subsequent year for non-filing of form was not justified.*
- *ITAT Mumbai in Madan Lachhmandas (ITA No.1544/Mum/2025) reiterated that beneficial provisions should be interpreted liberally and not frustrated for trivial procedural lapses.*

7.1.5. The principle of beneficial construction, as laid down in multiple decisions, requires that tax relief provisions designed to promote industrial growth be construed liberally. This is reinforced by CBDT Circular No. 14 of 1955, which obligates revenue authorities to assist taxpayers in claiming legitimate reliefs.

7.1.6. Again, section 143(1)(a) of the Act explicitly mandates that before making any adjustment to the returned income, the CPC must provide the assessee with a prior Intimation and a reasonable opportunity to respond. This safeguard is built into the statute to ensure adherence to the principles of natural justice and to prevent unilateral alterations that may adversely affect the taxpayer. In the present case, however, no such notice or opportunity was extended to the appellant. As a result, the appellant was deprived of the chance to explain and clarify the bona fide clerical mistake of initially filing Form 10-IC instead of Form 10-ID, a mistake that was in fact rectified on the very same day. The denial of this statutory opportunity not only caused prejudice to the appellant but also renders the adjustment procedurally defective and legally unsustainable. Such omission goes to the root of the matter and vitiates the entire adjustment made under section 143(1).

7.1.7. Considering the facts, legal provisions, and judicial precedents, it is held that the appellant duly exercised its option under Section 115BAB by filing Form 10-ID on 24.10.2023, within the prescribed due date. Hence, the denial of 15% concessional rate is unjustified, contrary to law, and unsustainable.

7.1.8. Therefore, the appeal is allowed and The AO is directed to grant the concessional tax rate of 15% under section 115BAB of the IT Act.”

7. On perusal of the above finding of Id.CIT(A) and also going through the provisions of section 115BAB (7) of the Act, we find that sub-section (7) clearly mandates that the



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provisions of section 115BAB shall apply only if the option is exercised by the person in the prescribed manner, i.e. filing of Form No.10-ID on or before the due date specified u/s.139(1) of the Act for furnishing first return of income for any previous year relevant to the assessment year commencing on or after 01.04.2020 which in the case of the assessee has opted for the first time for A.Y. 2023-24 and further such option once exercised shall apply to subsequent assessment years also. This shows that only the option to be exercised on Form No.10-ID is required to be filed u/s.139(1) of the Act for the first assessment year for which the assessee has exercised the option. There is no statutory requirement for filing the return of income u/s.139(1) of the Act for claiming benefit of concessional rate of tax u/s.115BAB of the Act and the only requirement is that for the first time when the assessee intends to opt for such concessional rate then it has to file Form No.10-ID for that year within the due date specified u/s.139(1) of the Act. Our view is fortified by the decision of Coordinate Bench, Ahmedabad in the case of *GFCL EV Products Ltd. Vs ACIT reported in (2025) 180 taxmann.com 17 (Ahmedabad Trib.)*. Finding of Tribunal reads as follows :

“8. We have carefully considered the rival contentions and perused the material available on record. It is an admitted position that the assessee had duly exercised the option under section 115BAB of the Act for the immediately preceding assessment year 2022-23 by filing Form No. 10ID within the prescribed time. Once the option under section 115BAB is exercised, it continues to apply for all subsequent assessment years, and there is no requirement under the Act or the Rules to file Form No. 10ID again for each year. Therefore, for the year under consideration, being the second year of claim, the assessee was eligible to continue under the concessional tax regime prescribed under section 115BAB of the Act. We further note that the issue as to whether the assessee had actually commenced manufacturing or production activity within the meaning of section



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115BAB(2)(a) is a matter requiring factual verification. Such an issue is inherently debatable and does not constitute a mistake apparent from the record which can be adjusted while processing a return under section 143(1) of the Act. The scope of prima facie adjustments under section 143(1) is limited only to apparent arithmetical or factual errors discernible from the return and accompanying documents. The eligibility of the assessee for the concessional rate under section 115BAB, depending upon the date and nature of commencement of manufacturing activity, cannot be decided without affording an opportunity of hearing to the assessee and not through a mechanical adjustment under section 143(1) of the Act. We are of the considered view that the action of CPC in applying a higher tax rate of 30% without prior intimation or opportunity of being heard is in violation of the principles of natural justice. When an assessee is being subjected to a higher or additional tax liability, it is only fair, reasonable and in the interests of justice that the assessee is afforded an opportunity to explain its position before any such adjustment is made. In the present case, admittedly, no such opportunity was given to the assessee before substituting the concessional rate of 22% with the normal rate of 30%. The impugned action of CPC therefore cannot be sustained either in law or on facts. We also note that in the immediately preceding year, the same claim under section 115BAB had been accepted by the Department while processing the return under section 143(1). In such circumstances, it was incumbent upon the CPC to maintain consistency and not to deviate from the accepted position without granting an opportunity of hearing. The suo motu denial of benefit in the second year, without any change in the factual matrix or legal position, is unjustified and contrary to settled principles of natural justice and fair play. In view of the foregoing discussion, we are of the considered opinion that the issue relating to the applicability of concessional tax rate under section 115BAB of the Act could not have been the subject matter of adjustment under section 143(1) of the Act without giving any opportunity of hearing and the action of the CPC as well as the order of the CIT(A) upholding such action are unsustainable.”

8. In the light of the above, we find assessee's case is identical and therefore squarely covered by the aforesaid decision. Under these given facts and circumstances, since the assessee in the instant case though has filed belated return but it is the second year and for the first year, i.e. A.Y. 2023-24 a valid option has been exercised by the assessee u/s.115BAB(7) of the Act on Form 10-ID and the same has been accepted by the Revenue authorities and therefore the



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assessee deserves to get the benefit of concessional rate @15% u/s.115BAB of the Act for the A.Y. 2024-25 also. Thus, finding of Id.CIT(A) is reversed and the grounds of appeal raised by the assessee are allowed.

9. In the result, the appeal filed by the assessee is allowed.

Order pronounced on this 06th day of January, 2026.

Sd/-
(VINAY BHAMORE)
JUDICIAL MEMBER

Sd/-
(MANISH BORAD)
ACCOUNTANT MEMBER

पुणे / Pune; दिनांक / Dated : 06th January, 2026.
Satisfy

आदेश की प्रतिलिपि अग्रेषित / Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The Pr. CIT concerned.
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, "B" बेंच,
पुणे / DR, ITAT, "B" Bench, Pune.
5. गार्ड फ़ाइल / Guard File.

आदेशानुसार / BY ORDER,

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Assistant Registrar,
आयकर अपीलीय अधिकरण, पुणे / ITAT, Pune.